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Martial Law Set in Iranian City After 4 Die in Anti-Shah Riots

ISFAHAN, Iran, Aug. 11 — The government declared martial law here after hundreds of armed rioters clashed with police and soldiers today, leaving at least four dead and 60 injured.

A government spokesman said the dead were all rioters, but that the injured included police and firemen.

The government set an 8 p.m. to 5 a.m. curfew and installed Iran's first military governor in more than 25 years to take charge of this city of 600,000 persons. Martial law was declared for a month.

The rioting erupted yesterday after Shah Mohammed Reza Pahlavi, in an interview with Western correspondents, warned extremists that they would be crushed if they attempted to block his moves toward political liberalization.

The U.S. consulate in Isfahan told the approximately 12,000 Americans in the city to stay indoors until further notice. Isfahan is a major steel and industrial center. The Americans mostly are involved with civil projects and a few defense-related industries being built there by the Iranian government.

Religious Riots

Iran has been plagued by riots by religious extremists who say reforms ordered by the shah are contrary to the teachings of the Koran. Most of the reforms deal with the liberation of women and the redistribution of church lands.

Gatherings of more than three persons, including religious meetings in mosques during the current Moslem holy month of Ramadan, were banned.

Yesterday, three persons died and more than 200 were injured in riots in Shiraz in southern Iran.

The army moved into Isfahan with tanks, armored cars and personnel vehicles after police failed to control hundreds of anti-Shah religious demonstrators. The clashes lasted throughout the night and into the early morning. Maj. Gen. Reza Sani, military commander of the region, took command of the city after the martial law was declared.

Religious Gathering

The clashes began during a religious gathering last night at the residence of a prominent local clergyman, Ayatollah Hossein Khademi. Mr. Khademi, a supporter of exiled cleric Ayatollah Khomeini, an opponent of the shah, has been holding religious meetings at his house for more than a week.

A crowd of several thousand persons packed the streets leading to his house to hear speeches condemning the government and calling for the establishment of an Islamic government in Iran.

Security units surrounded the area and threw several tear gas shells into the streets. The crowd then spread out, attacking several

members of the security police, witnesses said. Shots were fired and at least one demonstrator was killed on the roof of Mr. Khademi's house. Several more were killed in the streets, witnesses said.

After a brief period of calm this morning, trouble broke out again before noon. Hundreds of demonstrators rampaged through the town, burning street installations, banks, and shops. Firefighting units were called to put out scores of fires in the city.

In his press conference yesterday

at Nowshahr, the shah promised free elections to a national parliament in 1979 despite recent violence aimed at toppling his regime. He has blamed the violence on Communist influence.

The shah summoned Western correspondents to his summer beach house to talk about his plan for political liberalization announced earlier this year.

He said that he had embarked upon the program by conviction. "It's not that I am obliged, forced or that any condition was imposed

(Continued on Page 2, Col. 7)



The Shah of Iran

British Union Leaders Criticize Chrysler U.K. Sale to Peugeot

LONDON, Aug. 11 (UPI) — British labor union leaders Friday angrily condemned the sale to the French Peugeot-Citroen combine of Chrysler Corp.'s European operations, and they voiced fears that it could result in loss of jobs in Britain.

Labor member of Parliament Renee Short said that the House of Commons, which has just begun a 10-week summer recess, should be reconvened urgently.

"The House should be given a chance to debate the takeover and

to question ministers on the question of jobs," Mrs. Short said.

The Chrysler Corp. yesterday announced that Peugeot-Citroen was buying Chrysler's European operations, including Chrysler United Kingdom, making it the largest automotive group in Europe and fifth largest in the world.

Reuters quoted officials as saying that the British government would seek assurance that no jobs would be lost before allowing Chrysler U.K. to come under the control of the French Peugeot-Citroen group, officials said today.

Over the past three years the government has given Chrysler U.K. £80 million (\$152 million) to cover losses and in loans, and had promised more. The aim was to prevent the firm's collapse, which would add 22,700 workers to the 1.5 million already unemployed in Britain.

Industry Secretary Eric Varley was analyzing today whether the proposed deal, announced yesterday, would lead to the unemployment the government had been trying to avoid.

The deal needs the approval of the British and French governments. The French Ministry of Industry welcomed the move, but a government spokesman in London said there would be no official comment for at least a week.

"Mr. Varley and senior government officials will be holding talks with representatives of the two companies," he said.

(Continued on Page 2, Col. 8)

With the Neutron Bomb

Tass Charges U.S. Tries Blackmail at Arms Talks

MOSCOW, Aug. 11 (AP) — The Soviet Union said yesterday that the United States is trying to use the neutron warhead as blackmail at troop reduction talks in Vienna, which is a "dangerous and risky gamble."

Tass said in a 1,200-word commentary that the Vienna negotiations on mutual troop and arms reductions should be resumed and that the West should stop biding time.

In particular, commentator Oleg Anichkin claimed that the Carter administration is threatening to deploy the neutron warhead in Western Europe unless the Soviet Union agrees to more substantial concessions in the talks.

Twice the Radiation

The neutron warhead, which could be placed on Lance missiles and artillery shells, was designed to produce twice the deadly radiation of a conventional nuclear bomb but less than a tenth of the explosive power, heat and fallout. This means that the bomb could kill persons while causing little damage to buildings.

"There is no other way of describing this manner of negotiation than blackmail," Tass said. "It is well known, and this has been demonstrated by the experience of talks, that it is impossible to get an agreement through threats."

But it remains to be seen whether the negotiably procrastinated negotiations can be set in motion again.

Short Flight Delays Reported

As French Air Slowdown Renews

PARIS, Aug. 11 (UPI) — West European air travelers encountered only short delays today at the start of a five-day French air controllers' slowdown, but airports prepared for worse to come this weekend.

In France, Spain and West Germany, no unusual delays were reported. British airports reported delays of around 40 minutes but expected them to increase later on.

Most airports were keeping their bars and restaurants open overnight. At Orly Airport outside Paris an unused cafe was turned into a dormitory. In England, Manchester provided extra TV sets and performing dogs, while Luton officials said they had hired a parrot to entertain with "some French words appropriate to the occasion."

The strike started at 8 a.m. throughout France and is scheduled to end at the same hour on Wednesday.

The turmoil experienced during the air controllers' strike two weeks ago was not expected to recur. That was the weekend of the year with the heaviest traffic as millions of people left on their annual August vacations.

This weekend some flights have been canceled and others have been doubled up by using bigger planes. Scheduled flights for the weekend are 15 percent fewer than two weeks ago. Spain's Iberia Air Lines, most of whose airlines fly over France, canceled 20 flights to and from Central Europe and Britain.

The controllers, who are demanding more pay and equipment and shorter hours, are monitoring no more than eight flights on their TV screens instead of the usual 12 or 15.

British airports advised travelers to be prepared for long waits — to bring soap, towels and razors in hand baggage, sandwiches and vacuum-bottles with cold or hot drinks and games.

Dramatic Slump of Dollar Sends Gold Soaring Again

Record Lows Announced in Bonn, Zurich

LONDON, Aug. 11 — The dollar today fell to new lows against the Swiss franc and the West German mark in one of its heaviest batterings. Its accelerated fall sent the price of gold shooting to record heights, with silver following.

Gold was set at \$211.15 an ounce at the key London afternoon fixing — a rise of \$1.30 on what had already been a record price at the morning fixing and up \$4.65 from yesterday's afternoon fix. But in later trading today it was quoted at \$211.875.

Dealers cited a "general lack of confidence" in the dollar and the "snowballing" effect of its recent slide. In addition, worries about a possible oil price boost at the end of the year and the dubious prospects for passage of U.S. energy legislation put the dollar under further downward pressure.

Market Forces

Neither European central banks nor the Federal Reserve appeared to give the dollar any extensive support. The course of trading was dictated largely by market forces, dealers said.

West German Economics Minister Otto Lambrecht warned today that central bank support could not solve the dollar's problems. In a radio interview, he said that the "basic underlying facts" behind the fall of the dollar would have to be tackled. One of these, he said, was the U.S. administration's failure to force its energy-saving program through Congress.



Frankfurt broker registers confusion following word that the dollar had reached another low.

Meanwhile, he said: "We all know that you cannot operate against the market, at least not successfully."

Some of the heaviest pressure on the dollar was seen late in the day, indicating that operators were anticipating a continued depreciation. The dollar fell 90 points to 185.50 yen near its record bottom of 184 yen, hit last week.

The dollar slumped to a record 1.9655 West German marks from 1.9763 late yesterday and its prior low of 1.9705, reached Wednesday. The dollar also lost 2 centimes at

4.29 French francs and 110 points against the guilder at 2.1350 guilders.

Sterling stood at \$1.9640, up 1.2 cents. The pound was at its highest finishing rate since March 5, 1976, but it did not regain its 1978 intraday peak of \$1.9950 set last January.

Both the Belgian franc and guilder were around their lower intervention levels against the strong mark within the joint European currency float, or snake.

Confers Blessing on Holy Land

Pope Paul's Will Asks 'Simple' Funeral

By Paul Hofmann

ROME, Aug. 11 (NYT) — Pope Paul VI. in a will published today, addressed "a special benediction" to the Holy Land, the land of Jesus where he was a pilgrim of faith and peace.

The pontiff also imparted particular benedictions to the cities of Rome, Milan — where he was archbishop before ascending the pontifical throne in 1963 — and Brescia, near which he was born 80 years ago.

Pope Paul left all his belongings to the Holy See, except a few books and other small objects that he said should be given to friends. "I propose to die poor," the pontiff wrote.

The last will and testament comprises 13 pages in Pope Paul's neat handwriting. Photocopies were released by the Vatican this afternoon. A 10-page portion is dated June 30, 1965, and two brief additions "Sept. 16, 1972, 7:30 a.m." and July 14, 1973.

The three parts of Pope Paul's will are in Italian with a few Latin phrases interspersed. The first page and the single-page third part were written on the pope's official stationery bearing his coat of arms. The other pages are plain.

No Monument

Pope Paul named his private secretary, "Dear Father Pasquale Macchi," the executor of his will. He directed him to keep a few

sonnets for himself and give some other items among the things he was going to leave "to dear persons" who are not named.

The pontiff requested that all personal notes, manuscripts and other writings be destroyed. Letters "of a personal and spiritual nature not destined for the information of other persons" are to be burned.

Pope Paul said that he wanted a "pious and simple" funeral and would prefer to be "buried in the real earth."

"No monument for me," he wrote.

The cardinals who are in charge of transitional church government have tried to fulfill the wishes of the dead pontiff regarding his funeral and tomb, to the extent that they thought possible. A grave in a chapel underneath St. Peter's Basilica has been prepared. But the official funeral, scheduled to be held at 6 p.m. tomorrow, will be solemn.

The wife of the president of the United States, Rosalynn Carter, arrived in Rome today to attend the funeral. High-level delegations from many other countries have also arrived here.

The pope's last will contained only a few remarks concerning church problems.

Pope Paul expressed hope that the guidelines proclaimed by the Ecumenical Council Vatican II, held from 1962 to 1965, will be "faithfully executed."

On the matter of ecumenism, he (Continued on Page 2, Col. 7)

Anglicans to Let Members Decide

Bar on Women Priests Rejected

By Marjorie Hyer

WASHINGTON, Aug. 11 (WP) — Anglican bishops from around the world meeting yesterday at Canterbury, England, turned back a move to place a moratorium on ordinations of women and instead adopted a resolution acknowledging the right of each of the 25 member churches of the Anglican Communion to make its own decision on women priests.

The question of ordaining women has simmered just below the surface throughout the Lambeth Conference of more than 400 bishops, which is in its third and final week.

The conference takes place once every 10 years.

Yesterday's action was viewed as a compromise, after long and anguished debate.

The resolution, which was approved by a vote of 316-37, with 17 abstentions, reaffirmed traditional Anglican commitment to the preservation of unity despite diversity. The resolution noted that since the last Lambeth Conference, four member churches — in Hong Kong, Canada, New Zealand and the United States — have ordained women.

The Church of England is expected to vote on ordaining women at its synod meeting later this year.

U.S. Protestant Episcopal bishops, who remain divided about women's ordination, spoke on both sides of the issue.

Bishop William Skeridan of Indiana urged fellow bishops to learn from the "painful experience" of the U.S. church. He maintained that the continuing controversy in the United States has ruptured relations between bishops and priests, led to an "unprecedented number" of clergy leaving the priesthood, caused a "great number of lay people" to leave the church and "all but ruined" relations with other churches.

But Bishop Paul Moore Jr. of New York and Bishop John Walker of Washington, D.C., both argued that the U.S. church would have been far more divided if the denomination's general convention two years ago had failed to approve the ordination of women.

Bishop John Coburn of Massachusetts disputed the claim that vast numbers were leaving the Episcopal Church over the ordination issue. "Among our 3-million-member church, 25 congregations or splinters of congregations have left us, meaning some 5,000 members and about 50 clergy," he said.

The Anglican Church in North America, the group that has split from the Protestant Episcopal Church over women priests and liturgical reforms, has repeatedly declined to give membership figures, maintaining that it is growing so fast that accurate figures are not obtainable.

Woman Bishop Possible

Martha Blacklock, who as archdeacon of the Episcopal Diocese of Newark is probably the highest ranking woman priest in the United States, said that yesterday's action "means that we could see a woman bishop within 10 years, perhaps first in Washington or in New York."

The bishops' action on ordaining women was attacked by Greek Orthodox Archbishop Athen Agathangelos, an observer at the conference.

House, in Carter Rebuff, Votes Tax-Cut Measure

By Art Pinc

WASHINGTON, Aug. 11 (WP) — The House, rebuffing a last-minute compromise by President Carter, gave overwhelming approval yesterday to a \$16.3 billion tax-cut bill that would trim capital gains taxes sharply and provide new tax breaks for home sellers.

The bill was approved by a 362-49 vote after the lawmakers rejected a White House-supported amendment to shift more of the tax cuts to the lower end of the income scale. The vote against the administration plan was 225-193.

The bill now goes to the Senate Finance Committee, which is expected to enlarge the deduction in special-interest investment. Sen. Russell Long, D-La., the committee's chairman, said that his panel

would begin work on the bill Aug. 21.

House Speaker Thomas O'Neill Jr., D-Me., told the House, "If the administration had proposed this [compromise] five months ago, it could have been adopted as the Ways and Means Committee bill and would have sailed through the House."

The House also defeated, by a sizable margin, a rival Republican tax-cut plan proposed by Rep. Jack

(Continued on Page 2, Col. 6)

Heavy Fighting Erupts in Beirut Christian Area

BEIRUT, Aug. 11 (AP) — Syrian peacekeeping forces clashed with militant Muslims in the Christian sector here today shortly after the Syrians had warned rightsists not to violate a two-day-old cease-fire.

State television reported heavy exchanges of rocket and artillery fire at Ashrafieh, the highest residential neighborhood in the capital's Christian enclave.

"Hell has broken loose again," said a resident, Kutta Bishara. "We are rushing back to basement shelters." Mrs. Bishara said that the exchanges flared between Syrians and Christians at the 25-story Ruk Tower, which forms the main defense area of the Syrian peacekeepers in the Christian sector.

The Syrian warning had been addressed to rightsist militiamen at another Christian residential area.

Libya Moves Ahead With Qadhafi's Unique 'New Socialism'

By Thomas W. Lippman

TRIPOLI, Libya, Aug. 11 (WP) — Guided by the eccentric principles of Col. Moamer Qadhafi's Green Book, Libya is carrying out a revolution in its political and economic life to achieve the radical colonel's vision of "new socialist society."

Virtually every source of power and wealth in traditional Libyan life — the great tribes, the rich families, the bourgeoisie, the bureaucracy and even the religious leadership — has been crushed or taken over as Col. Qadhafi builds a new system.

It is uniquely his own. Unlike Saudi Arabia, which is trying to develop and modernize within its traditional political and economic systems, Libya has jettisoned the past and is using its wealth to transform itself socially and politically as well as physically.

Compulsory participation in the new political system, compulsory military training and the accelerating introduction of women into the work force are all contributing to the eclipse of historic patterns of life.

The jobs of tens of thousands of men that depended on the old system — messengers, drivers, teaboy — have been eliminated and their holders sent off to more productive tasks. In a move as much symbolic as economic, Libya's abundant oil revenues have enabled Col. Qadhafi to extend his control and impose his ideas out to the most remote and primitive oases. By 1980, according to Planning Secretary Musa Abu Fraywah, all parts of the country will be linked by bus service and television, further breaking down the traditional patterns of isolated rural life.

Observers here say that even if Col. Qadhafi were removed from power, the country is now irretrievably in the hands of a new generation nurtured on his ideas and catapulted during his nine years in power from impoverished ignorance into a prosperous new era.

Publication early this year of part two of the Green Book, subtitled "The Solution of the Economic Problem," touched off a systematic assault on what remained of private property and wealth in this socialist country.



Col. Moamer Qadhafi speaking at a rally earlier this year.

Private houses are being confiscated under a law that bans owning more than one dwelling. The next step is to be a ban on

the accumulation of capital or savings by individuals. "The final step," according to the Green Book, is "when the

new socialist society reaches the stage where profit and money disappear."

Col. Qadhafi has had to defend these ideas as consistent with and even inspired by the Koran, when they stirred opposition in Libya's religious establishment. How they will work in practice, in a country with Libya's vast oil wealth, remains to be seen.

Some foreigners here tend to guffaw at what they see as naive and ill-conceived economic theories. But the implementation has begun. "They are going to do it. They mean business," a veteran ambassador said.

State Ownership

Already the state — or, strictly speaking under Col. Qadhafi's theory, the Libyan people — owns the factories, the farms and most of the import and export companies. Private enterprise is rapidly fading into the past.

The Green Book emphasizes that every Libyan is entitled to ownership of "the material needs of man that are basic, necessary and personal." These include, it says, "food, housing, clothing

and transport," because a man is not free if anyone else, or even the state, controls these essentials of life.

Thus the confiscation of private houses applies to multiple ownership, and landlordism, not to the individual in his own home.

Under the political program laid down in the first part of the Green Book, "The Solution to the Problem of Democracy," there is no political party in Libya. In theory, there is not even any government; the country is run by direct popular democracy, like a vast town meeting.

Behind this facade of popular democracy, many observers here say, Col. Qadhafi exercises one-man rule on all important policy matters. The "leader-teacher" is the sole source of ideology. No organized dissent is tolerated.

Unlike revolutionary regimes that try to sweep away the individuals as well as the policies of the past, Libya does not appear to be vindictive. Many of those who served and profited under the monarchy have found places

(Continued on Page 2, Col. 4)

Including Last American Citizens

28 Arrive in U.S. From Vietnam

WASHINGTON, Aug. 11 (AP) — A group of 28 persons, including the last known U.S. citizens who were left behind in Vietnam during the 1975 Communist takeover, came home to the United States and a joyous reunion with their families yesterday.

An emotion-choked David Gerzevski hugged his wife, Nguyen Thi No, and his three small children, Jimmy, Tai and Dai. All four broke into tears upon their arrival at Dulles Airport on a flight from Paris and Bangkok.

Mr. Gerzevski had not seen his family since the chaotic days that forced their separation in March, 1975, when Saigon fell. During the more than three years since then, they had managed to communicate only through cables and letters that often took six months to reach their destination.

"I just thank God for all the help and all the kind people who made this possible," said Mr. Gerzevski, a computer programmer from Chicago.

15 U.S. Citizens

The group included 15 U.S. citizens, virtually all children. All the others were relatives of Americans.

Though obviously weary from the journey, virtually all of the wives, children, and other relatives joining their American families seemed happy to have left Vietnam. None told of any ill treatment or persecution because of their ties to Americans. Many were forced to leave Vietnamese relatives behind and expressed sorrow over that.

David Gustavsen, of Swampscott, Mass., who was at the airport to welcome his wife, child and niece, said he had been trying for seven years to get them out of

Vietnam and had only narrowly failed to complete immigration proceedings before the Communists took control.

"I'm just unbelievably happy," said Mr. Gustavsen.

Kennedy Initiative

The group was allowed to leave Vietnam as the result of an initiative headed by Sen. Edward Kennedy, D-Mass., and later involving the Red Cross and the United Nations. The group initially went to Thailand, where two persons were reunited with their American family, and the others headed for the United States.

Most of the members of the group planned to leave Washington immediately for their homes across the nation. Their families elected to have the reunions occur in their hometowns.

"I cannot add words to the happiness and emotion that we see around us," Sen. Kennedy said. "Their embraces mean more than words from any of us."

Mr. Gerzevski's wife wept silently as reporters crushed in around members of the group. She clutched her husband's hand constantly.

Their three small children, including two from her previous marriage, sat seemingly stunned by the long travel and celebration.

Frank Stevens, deputy assistant secretary of state, said that to the administration's knowledge, there are no U.S. citizens living in Vietnam after the arrival of the flight yesterday. However, he said there are about 300 relatives of Americans, who do not themselves hold U.S. citizenship, still in Vietnam.

Mr. Stevens added that it is hoped that the Vietnamese will allow those 300 persons to depart after negotiations with the Kennedy group in the near future.

Beyond that, he said, Vietnamese refugees in the United States have about 5,000 relatives in Vietnam who would like to join their families.

Mr. Gustavsen said he met his wife, Lam Thi Tuyet, in 1970 while he was serving with the U.S. military in Vietnam, and he returned to that nation in 1973 and 1974 in efforts to expedite the family's immigration. "I was within two weeks of getting them out," when the Communist takeover occurred, he said.

Letter Got Through

"I heard nothing from her for years," but finally a letter got through. "This is really a fantastic feeling today," he said.

Both Sen. Kennedy and Mr. Stevens praised the Vietnamese government for allowing the departure, expressing hope that it reflected a warming relationship between the two nations.

The release was developed by a delegation to Indochina organized by Sen. Kennedy and including Kennedy aide Jerry Tinker and Dr. Jean Mayer, president of Tufts University. The release, those officials said, did not involve any promises in exchange.

Naval Chief for NATO

WASHINGTON, Aug. 11 (AP) — The White House announced today that Vice Adm. Harry Train, commander of the U.S. Sixth Fleet, will become the top naval commander in NATO. On Oct. 1, Vice Adm. Train will be promoted to full admiral and will become supreme allied commander, Atlantic, to succeed U.S. Adm. Isaac Kidd Jr.



MOUNTAIN OF LITTER — Papers and soft-drink cans overflow a wastebasket and are scattered across the ground at the top of Mt. Fuji, Japan's tallest mountain, as Japanese climbers crest the 12,388-foot peak. Thousands of climbers take part in this event annually.

Against Government, Jerusalem Arabs

Israel Arrests 10 in Armed Conspiracy

JERUSALEM, Aug. 11 (UPI) — Israeli authorities said yesterday that they had smashed a Jewish underground group, led by a U.S.-born immigrant, that allegedly plotted the overthrow of the government and the revenge killings of Arabs.

A district court arraigned 10 suspected members of GAL — an acronym in Hebrew for "Redemption of Israel" — on charges of conspiracy and illegal possession of weapons.

The secret organization sought to establish a state based on Jewish halakic law and to murder East Jerusalem Arabs in reprisal for guerrilla strikes against Jews, assistant district attorney Uzi Hasson told the court.

The suspects include the alleged founder of GAL, Yoel Lerner, a 37-year-old teacher and one-time aide to Rabbi Meir Kahane, former leader of the New York-based Jewish Defense League.

Mr. Lerner, who taught English and Hebrew in two schools outside Jerusalem, was born in New York state. His family said that he emigrated to Israel 18 years ago.

The prosecuting officer told the court that Mr. Lerner, armed with an ax, set out with another member of the group to attack Arabs in an East Jerusalem cafe in retaliation for the June 2 bus explosion that killed five persons. They reportedly abandoned the plan because the cafe was crowded.

Charges against the group included conspiracy to overthrow the government of Israel and plotting murder and arson against East Jerusalem Arabs "with intent to incite and sow hatred."

Members of the group were also cited for illegal possession of weapons and carrying out training with live ammunition, all without license or permission.

The prosecuting officer said that Mr. Lerner supplied members with membership cards and code names and assigned them to specific tasks, such as sabotage and spying. They also were ordered to learn karate, he said.

Officer Charged

The army officer, Armand Azran, 25, was charged with supplying Mr. Lerner with a revolver and ammunition and showing him how to fire the weapon.

He also was alleged to have set up a practice range outside the village of Beit Shemesh and to have provided the group with explosives that he apparently stole from his unit.

The other adult in the group, Yehuda Monk, reportedly stored the explosives in an empty water tank in his basement. The group took the explosives to a building they intended to blow up, the court was told.

House, in Carter Rebuff Votes Tax-Cut Measure

(Continued from Page 1)

Kemp, R-N.Y. It would have slashed income taxes by 30 percent over the next three years.

It also refused to delete from the tax bill — despite vehement opposition from the Carter administration — a proposal that would provide for the first time an inflation adjustment for capital gains taxes that some experts regard as a first step toward indexing the entire tax code. The vote to retain the provision was 249 to 167.

The results yesterday were a setback for the Carter administration, which had waged a major campaign to try to reshape the bill drafted by the House Ways and Means Committee. Treasury Secretary Michael Blumenthal had spent much of the past week on Capitol Hill lobbying for the administration amendment.

Mr. Carter had vowed that he would veto any measure that included a sizable cut in capital gains taxes. However, he has backed away from that position, saying he will wait to decide until after the bill has cleared Congress.

The bill is unlike previous Democratic tax bills in that the cuts would go primarily to persons in the \$15,000 to \$100,000 income brackets, rather than to those earning \$15,000 or less.

The tax cuts for individuals would take effect Jan. 1. Besides widening the present tax brackets, the measure would raise to \$1,000 the current \$750 personal exemption allowed each taxpayer and his dependents.

The bill also would resubstitute existing tax rates, scrap the present \$35-a-person general tax credit and repeal the deduction for state and local gasoline taxes. The average tax reduction would be about \$163 per taxpayer.

The major tax break for homeowners would be to allow them to escape taxes on up to \$100,000 in profits when selling a principal residence, even if the money is not used to buy a more costly house. But they would be able to claim the exemption only once in their lifetime. The provision would affect home sales completed after July 26, 1978.

The bill also would reduce the maximum tax rate on capital gains to 35 percent, down from the 49.1 percent now paid by a handful of high-income taxpayers. A capital gain is the profit from the sale of stocks or other property.

Qadhafi's Libya Proceeds With His 'New Socialism'

(Continued from Page 1)

in the new Libya by cooperating with Col. Qadhafi, just as some foreign oil companies have withstood the tide of nationalization by yielding to Libyan terms for staying on.

Many of the rich merchants who used to control the import-export business have stayed on to run the new state-owned companies. They are welcome, sources here say, for the most pragmatic of reasons — there are not enough Libyans to carry out all of Col. Qadhafi's programs. He needs the expertise of the older generation for another few years at least.

The country has only about 2.5 million people. When Col. Qadhafi came to power in 1969, most of them were illiterate and had barely been touched by the benefits of the oil income.

Col. Qadhafi saw the traditional leaders as corrupt and subversive to European and U.S. interests. He destroyed public confidence in the old leaders at the same time as he broke their power by dividing the country into new administrative regions that cut across tribal lines.

When this process failed to go fast enough, Col. Qadhafi announced a "popular revolution" in 1973, in which all existing laws were suspended.

That document, published in March, 1977, said that the people of Libya "declared their adherence to the spiritual values to safeguard morals and human behavior as well as they affirm the march of the revolution, under the leadership of the revolutionary thinker and teacher, our leader Col. Moamer Qadhafi, toward the complete popular authority and the stabilization of society."

Col. Qadhafi turned his attention to the country's economic structure. The second part of the Green Book provides for abolition of the wage system and a kind of "from each according to his ability, to each according to

his needs" formula to compensate individuals for their work.

The Green Book says that no individual has the right to carry out economic activity in order to acquire more wealth than he needs, because the excess belongs to other individuals. While this may seem like a disincentive to production, Col. Qadhafi leaves a loophole by providing for "differences in wealth" for those who "perform a public service."

The country is in the middle of a \$24 billion development program that is producing roads, schools, hospitals, apartment houses, ports, and most of all farms at a dizzying rate — so fast that newly created farms are standing unused because of a shortage of hands to work them.

This flow of development has enabled Col. Qadhafi to deliver on his promises to improve the lot of the Libyans, even as he appeals to their pride by his Arab-only, damn-the-colonialists nationalism.

"Qadhafi is a good strategist," a Western diplomat said. "He knows his country. He has far-out ideas, but his program is moving along."

Separatists Bomb Castle in Corsica

BASTIA, Corsica, Aug. 11 (AP) — Corsican separatists blew up a castle on their French-ruled island early today after abducting 13 persons in the vicinity and calling reporters to the castle to bear their case.

Police said that two powerful bombs caused thousands of dollars of damage to the Chateau de Fort-de-Fo, on the northeast Mediterranean coast.

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Meeting Today in Amman

Atherton to Brief Hussein On Vance's Peace Talks

From Wire Dispatch
AMMAN, Jordan, Aug. 11 — President Carter's special envoy to the Middle East, Alfred Atherton Jr., arrived here today to brief King Hussein on U.S.-sponsored peace efforts.

Mr. Atherton, who arrived from Saudi Arabia, said that he would meet with King Hussein tomorrow to discuss the recent meetings that U.S. Secretary of State Cyrus Vance held with Israeli Prime Minister Menachem Begin and with Egyptian President Anwar Sadat.

Mr. Begin and Mr. Sadat are scheduled to meet jointly with Mr. Carter Sept. 5 at Camp David, Md.

Jordan has remained neutral in the Arab dispute over direct peace contacts between Israel and Egypt and says that it will not take part in peace talks until Israel agrees to return all occupied Arab land and allows an independent state for Palestinians.

Jordanian Holiday

Mr. Atherton's meeting with King Hussein was set for tomorrow because today is not only the Muslim Sabbath, but also a holiday marking the 26th anniversary of King Hussein's accession to the throne.

Meanwhile, in Tel Aviv, an Israeli newspaper identified Mr. Carter as the source of two reports that the Camp David summit was called because of Egyptian military preparations for war against Israel.

The Jerusalem Post, in a dispatch from Washington, said that Mr. Carter told Hedrick Smith of The New York Times and Barbara Walters of ABC News of the Egyptian buildup during a private off-the-record dinner on Monday.

It was during the dinner, the Post

said, that Mr. Carter was informed that Mr. Begin and Mr. Sadat had accepted his handwritten invitation to Camp David.

"The president feared that Sadat might start another war against Israel in October unless serious peace negotiations got under way," the Post said, adding that intelligence reports had reached Mr. Carter's desk "indicating that Egypt was building up its armed forces."

October Deadline

Mr. Sadat previously set October as a deadline for his peace initiative to show results. The 1975 Sinai II troop disengagement agreement expires in October, the fifth anniversary of the 1973 war.

Mr. Smith said that Israeli Foreign Minister Moshe Dayan had expressed Israel's concern about the Egyptian buildup. But an aide to Mr. Dayan said that he did not believe the foreign minister made such a comment to the United States.

An Israeli Defense Ministry official said that he knew of no buildup and said that the report from Washington may have had political motivations.

"If someone in Washington wants to warm up the atmosphere, that doesn't mean Israel wants to also," he said.

In Moscow, the Communist Party newspaper Pravda said that the U.S.-Israeli partnership was a "dangerous combination" that suits the aims of the enemies of détente in the United States.

It was the latest in a new wave of Soviet propaganda attacks on the U.S. peace initiatives in the Middle East, including the Camp David summit.

Will Left by Pope Paul Asks for 'Simple' Funeral

(Continued from Page 1)

counseled to continue "rapprochement with the separated brethren with much understanding, with much patience, with great love, without defecting from true Catholic doctrine."

As for the attitude of believers toward the modern world, Pope Paul advised that they should not "assume its thoughts, customs and tastes, but study it, love it, serve it."

In other parts of the will, Pope Paul praised his dead parents and addressed affectionate greetings to his brothers Francesco, who has meanwhile died, and Ludovico, as well as to his other relatives "who never asked me for, nor have

received from me, any earthly favor."

The pope blessed all bishops, priests, monks and nuns, students for the priesthood and members of the laity, "young, suffering and poor people, and those who seek truth and justice."

For the second consecutive day, many thousands of mourners and tourists filed past Pope Paul's bier today under the majestic dome of St. Peter's. The body of the dead pontiff, visible in an open casket, looked waxen, with deepening shadows.

Among the persons who paid tribute to the dead pope were some members of the White House and Tract Society who are attending a long-scheduled international rally in Rome.

Jehovah's Witnesses

The appearance of Jehovah's Witnesses in St. Peter's caused some surprise, especially because some of them entered the huge church with caps on their heads. A priest asked them to remove their headgear and the young visitors complied, explaining that they had not intended any disrespect.

At the meeting, of cardinals that takes place every day during the vacancy of the papal throne, 65 members of the Sacred College — exactly half of all living "princes of the church" — discussed urgent church matters.

They set up two commissions, each consisting of three cardinals, to check the credentials of the members of the Sacred College who want to take part in the conclave to elect the new pope, due to start Aug. 25, and to make arrangements for it.

Martial Law In Iran City

(Continued from Page 1)

"upon me," he said. "I'm not just another dictator. I am a hereditary monarch. I've got to do these things."

The shah indirectly attacked the Soviet Union for subversive activities in Iran. He said he had considered legalizing the Moscow-based Tudeh Communist Party of Iran as part of the liberalization process but decided not to because of Iran's geopolitical situation. Iran, a member of the Western alliance, has a 1,090-mile frontier with the Soviet Union.

The shah claimed that the urban disturbances since November, 1977, are directed "100 percent" against Iran's monarchy and that Moscow was responsible for the violent campaign.

'Loss of Relationships'

Iran and the Russians have "lots of relationships and intercourse and heavy trading," he said. But he noted, "It's not easy to operate directly as Communists in Iran. So they operate under different masks."

The shah said he anticipated an upsurge of terrorist activity after his current democratization moves. He warned, however, that any rebellion against Iran's established system would be crushed.

He said his opponents would "try to hide their weakness by creating trouble. But nobody can stand that. No respectable government can stand that. If they want to play the game, it must be a fair game, as it will be on [my] part."

He said his Rastakhiz [resurgence] Party, which he formed in 1975 as the country's sole political organization, would participate in the elections.

But he also promised that opposition parties would be allowed to compete. "If they stay within the framework of the law, I don't see how we could stop it," he said. "And why should we stop it?"

Chrysler Assailed

(Continued from Page 1)

companies over the next few weeks," a spokesman said.

The announcement came only 2½ years after the British government mounted its financial rescue operation for Chrysler in Britain.

Clive Jenkins, leader of the British clerical workers' union, roundly condemned the sale. "The plan is potentially destructive of British jobs," Mr. Jenkins said. He charged that it is "brutally violated" Chrysler's promises to keep the British government informed of its plans.

Mr. Varley said yesterday that the British government was informed of the deal only three days before it was announced.

'Desperately Irresponsible'

Mr. Jenkins said "The Chrysler Corp. is behaving in a desperately irresponsible way."

Mr. Jenkins said his union will call on the government to make "imperative demands" that there should be no loss of jobs as a result of the deal.

Terry Duffy, national official of the Engineering Union responsible for the automotive industry, said, "My immediate reaction is concern for the job security of our people who work in Chrysler U.K. I want to know if there are any safeguards. It could be that the French are buying out the competition. But if they plan to expand it, we would not be so concerned."

Grenville Hawley, national secretary for the automotive industry of the Transport and General Workers Union, Britain's largest, said "We were rather worried about the financial situation of the company. Investment will be needed in new models after 1980 and there has been no sign that the British government would provide more."

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Mrs. Wallace Quits Race

MONTGOMERY, Ala., Aug. 11 (UPI) — Cornelia Wallace withdrew from the Alabama governor's race today, saying that she had failed to win adequate financial support and the endorsement of her former husband, Gov. George Wallace.

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September 7-11 International Music Salon - High Fidelity ERTREL 4 - European Exhibition of Radio, Television and Electroacoustics	November 23-27 MANUTENZIONE 78 - Exhibition-Conference: Materials, Equipment & Products for Maintenance, Cleanliness & Hygiene in Industry & Community Life	January 9-12 ESMA-EUROTRICOT - European Hosiery and Knitwear Exhibition	February 15-20 SPRING MACEF 79 - International Exhibition of Household Goods, Glass & Chinaware, Silverware, Gift Articles & Quality Goods for the Home	March 14-19 SICOF 79 - 8th International Exhibition of Cine-Photo-Optics & Audiovisual Equipment
September 8-12 AUTUMN CHIBI 78 - International Salon of Bijouterie, Fancy Goods & Sales Promotion Articles	November 29 - December 3 1st National - Do It Yourself - & Hobbies Exhibition	January 13-17 CHIBICAR 79 - International Exhibition of Gift Articles, Fancy Goods, Bijouterie and Smokers' Requisites	February 21-25 WINTER MIAS 79 - International Market for Sporting and Camping Equipment	March 21-25 MODIT - Ready-made Fashion Wear for Women
September 13-17 AUTUMN MACEF 78 - International Exhibition of Household Goods, Glass & Chinaware, Silverware, Gift Articles, Hardware & Tools		January 18-22 CART 79 - International Salon for Stationery Paper, Paper & Cardboard Products, Educational Supplies	March 26-30 MODIT - Ready-made Fashion Wear for Women	March 31 - April 4 15th COMIS/PEL - International Fur Dealers Salon
September 21-25 SMAU 78 - International Exhibition of Office Furniture, Machines & Appliances		January 23-27 EUROTRICOT - European Hosiery and Knitwear Exhibition		
September 22-27 18th Italian Furniture Salon 7th International Furniture Salon		January 28 - February 1 17th International Toy Show		
October October 7-14 11th BI-MU - Biennial Machina Tools Exhibition: Machina Tools - Tools & Equipment - Machines for Processing Rubber & Plastics Materials				
October 8-10 SUMMER MIAS 78 - International Market for Sporting & Camping Equipment				
October 10-14 SICURINT 78 - 9th Exhibition-Conference: Appliances & Equipment for Safety & Health in Industry				
October 15-19 38th MIFED - International Film, TV-film and Documentary Market				
October 16-19 MODIT - Ready-made Fashion Wear for Women				
October 21-23 INTERSAN - International Orthopaedics Exhibition - Medical Techniques - Surgical Instruments & Equipment - Equipment for Hospitals - Physioacromedical Appliances - Corsetry - Hygiene Articles for Infants				
October 21-24 SELE-PEL - New Season Selection of Leather Goods				
October 28 - November 5 8th MIPAN - International Exhibition of Machinery, Plant & Accessories for Making Bread & Confectionary				
October 29 - November 5 EXPO COMMERCIO 78 - 13th International Exhibition of the Commerce Equipment				
October 31 - November 5 E.B.E. - 8th European Drinks Exhibition				
October 31 - November 5 8th SIPRAL - Food Products Exhibition				
November 31 - November 5 ANTHQUINAMENTO 78 - 5th International Exhibition-Conference on Techniques, Plans & Installations for Water & Air Purification - Soil Decontamination & Refuse Disposal				

The Milan Fair Organization declines responsibility for any changes in the dates announced as above by the respective Committees of these Exhibitions and Trade Shows

Union Leaders Also Upset

Carter Reported 'Livid' At Criticism From Meany

By Helen Dewar and Fred Barbash

WASHINGTON, Aug. 11 (WP) — President Carter was reported to be "absolutely livid" at AFL-CIO President George Meany yesterday, and the veteran labor leader also received stinging rebukes from leaders of AFL-CIO postal unions.

The new low point in relations between Mr. Carter and Mr. Meany was reported by a high-level White House official, who said he had "seldom seen him (the president) so mad."

The official said Mr. Carter's anger stemmed from Mr. Meany's repeated attacks on the administration in the face of White House efforts to accommodate him, most recently by agreeing earlier this week to restrain government intervention in contract bargaining.

Mr. Meany applauded that move but then accused the president of ineffectiveness in lobbying for legislation to overhaul labor laws, and he criticized a recently negotiated contract with postal workers that is the administration's only trophy thus far in its campaign to keep down the cost of wage settlements.

Postal Contract Criticism

It was Mr. Meany's criticism of the postal contract that drew fire from the union chiefs.

J. Joseph Vacca, president of the National Association of Letter Carriers, called on Mr. Meany to reject the criticism, and bluntly accused him of being as guilty as White House inflation fighters of

interfering with contract bargaining. Other postal-union officials also criticized Mr. Meany's comments on the contract.

Top Carter aides, who are generally unwilling to concede that Mr. Carter is really angry about anything, yesterday described a president near the breaking point in relations with Mr. Meany.

The president believes he has bent over backward to accommodate Mr. Meany and has, in return, "been dumped on" by Mr. Meany at every opportunity.

'Gone Too Far'

In recent weeks, a senior adviser said, Mr. Meany "has just gone too far... You just can't keep coming into somebody's — even a man as patient as the president — and then turn around and do this."

"The labor movement is not just George Meany, you know," the adviser said.

The White House is also upset at Mr. Meany's "sticking his nose" in the postal-contract dispute and at his failure to praise the administration's success at bringing down the unemployment rate.

Responding to a question while he was in Chicago to attend an AFL-CIO Executive Council meeting, Mr. Meany had said the proposed postal wage increase of 19.5 percent over three years was too low and predicted that the 500,000 postal union members would reject the contract in a mail-ballot referendum that is now under way.

O'Neill Attempts to Mend Rift With White House

By Mary Russell

WASHINGTON, Aug. 11 (WP) — House Speaker Thomas O'Neill Jr., D-Mass., tried to patch up his differences with the White House yesterday, but he could not conceal his resentment toward the White House staff.

Acknowledging his anger over the recent dismissal of his friend, Robert Griffin, as the No. 2 man in the General Services Administration, Rep. O'Neill said that he had told President Carter's congressional liaison man, Frank Moore, "to stay the hell out of this office."

But, in giving assurances that he was "friends again" with Mr. Moore, Rep. O'Neill revealed his antipathy toward Mr. Carter's senior aides: Jody Powell, Hamilton Jordan and Gerald Rife.

"I'm not mad at Frank," he said. "Out of all that damned crowd down there, he's the only one who's ever been very friendly to me... I don't know, maybe they don't understand my style. Maybe they don't want to."

Nothing to Say

Rep. O'Neill said that he had met Mr. Jordan and Mr. Powell and that he sees them at the White House, but he said: "I don't have anything to say to them and they don't say anything to me."

When an aide to Rep. O'Neill was asked if the blame for Mr. Griffin's removal was being placed on Mr. Jordan, Mr. Powell and Mr. Rife, he said: "Probably. He [Rep. O'Neill] never established any relationship with them."

Before Mr. Carter was sworn in, Mr. Jordan angered Rep. O'Neill by refusing his request for seats at an inaugural gala. Rep. O'Neill began calling Mr. Jordan "Hannibal Jerkin."

"We've never had a problem with Carter himself or Frank Moore," the aide said.

Rep. O'Neill said that his relationship with the president was "the same as it has ever been." He denied reports that he was not pushing for the administration's legislative proposals.

"Hey, I'm a Democrat," he said. "I work for the programs of my president. No way am I going to be

an obstructionist. I am a loyal party man."

Time Running Out

Rep. O'Neill said that the problem was that the current session of Congress was running out of time to finish legislation.

"We've got a load of legislation," he said, "I don't blame that on the president. I blame that on ourselves."

Rep. O'Neill said that stories of strained relations between him and the White House "were in the minds of people trying to build up a story."

But he admitted that he was angry about the removal of Mr. Griffin, who was dismissed at the request of GSA administrator Jay Solomon after a series of disagreements.

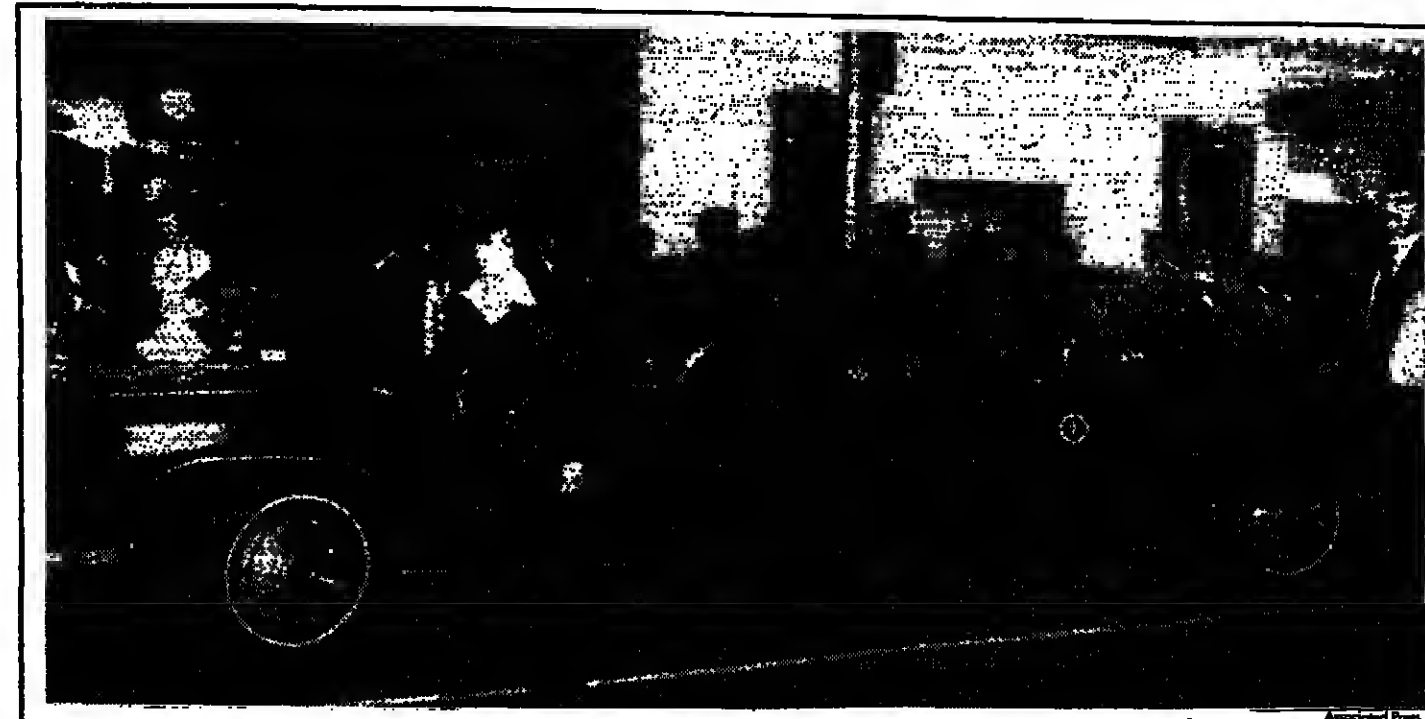
Unit Probing King Death Denies Illegality Charge

WASHINGTON, Aug. 11 (UPI) — The House Select Committee on Assassinations denied "on the strength of a preliminary investigation" that any of its investigators or staff used illegal methods in probing the murder of Dr. Martin Luther King Jr.

Robert Blakey, chief counsel for the committee, read a four-paragraph statement to reporters that denied allegations on Monday by one of the panel's former investigators.

Oliver Patterson, who described himself as an "undercover agent" for the House panel, said at a news conference in St. Louis that he had recorded interstate telephone calls to Jerry Ray, the brother of James Earl Ray, who was convicted of killing Dr. King, on the advice of his superior in the congressional investigation.

Mr. Blakey refrained from identifying Mr. Patterson by name but said that the individual making the charges "had never been an employee of the committee," although



LADY GUARDS THE PRESIDENT — A female secret service agent stands by President Carter's limousine as he

departs from Longacre Theater in New York Tuesday night after attending the Broadway musical "Ain't Misbehavin'."

Asserted Some Cigarettes Are 'Tolerable'

Cancer Official Criticized for Smoking-Risk Article

By Victor Cohn

WASHINGTON, Aug. 11 (WP) — Administration health officials and the American Cancer Society yesterday disputed vehemently a federal cancer official's contention that smoking limited numbers of certain "less hazardous" cigarettes is "tolerable" from a health standpoint.

But the official, Dr. Gio Batta Gori, deputy director for cancer cause and prevention at the National Cancer Institute, stood firmly by his conclusion, to be published in an article in the Journal of the American Medical Association. He said in an interview that his superiors are under pressure from Joseph Califano Jr., secretary of health, education and welfare, to fire him.

Cancer Institute officials denied that there has been any pressure to get rid of Dr. Gori, but they joined Mr. Califano and other leaders in the health field in deprecating Dr. Gori's conclusions.

They said there is no proof yet for Dr. Gori's belief that the statistical average of smokers who smoke as many as 23 cigarettes a day of some low-tar, low-nicotine brands now on the market (or as few as three cigarettes a day of other brands) would suffer no more extra risk of death from any cause than those who smoked only two cigarettes a day before 1960, when all cigarettes were far more dangerous. Dr. Gori said the conclusion ap-

plies to the broad average, not to any individual smoker.

Dr. Gori said that so much tar, nicotine and other chemicals have been eliminated from cigarettes or cigarette smoke that from three to 23 cigarettes of certain brands contain no greater amounts of these chemicals than two pre-1960 cigarettes. Dr. Gori called these smoking levels not safe but "tolerable," meaning that the incidence of disease and death would be greatly reduced in the average population of such smokers, but it would not be eliminated.

Health officials said Dr. Gori's use of the word "tolerable" in the sense of a general population or in a public-health sense would mislead Americans into thinking cigarettes are safe for them as individuals.

"There is no such thing as a safe cigarette" or anything like it, and leading government scientists are "all very disturbed" over the fear that millions of people might think so, said Mr. Califano, who last January started his own drive to halt cigarette smoking.

Surgeon General and Assistant HEW Secretary Julius Richmond and the heads of HEW's two biggest research units — the cancer institute and the National Heart, Lung and Blood Institute — all attacked Dr. Gori's statement.

Dr. Arthur Upton, head of the cancer institute, said Dr. Gori's use of the word "tolerable" was "unfortunate." Dr. Gori's statements have "set back our cause, and even if we can correct the misinterpretation, we will have lost valuable momentum," he said.

Dr. Gori said the health leaders were themselves misinterpreting his statements. These made it clear that only one brand, Carlton Menthols, is now so low in toxins that

by his calculation the statistical average of persons who smoked 23 of them daily would have no measurable risk beyond a non-smoker's. He said, similarly, that the statistical average of persons who smoked 18 Now Menthols, 17 Nows or Strokes or 16 Carletons would similarly experience no added problems detectable with large-scale statistical studies.

But his co-worker, Dr. Cornelius Lynch, said these brands currently represent less than 2 percent of all cigarettes sold — and other cigarettes that are billed as "less hazardous" than most but not clearly as clean represent only another 18 percent.

Dr. Sidney Wolfe, head of the Ralph Nader Health Research Group, said that Dr. Gori should be fired for making "the most damaging statement that has been made about smoking in the last 10 years."

But Dr. Arthur Helleb, American Cancer Society medical director — while saying "there is no such thing as a proven safe cigarette" — agreed that low-tar-and-nicotine cigarettes impose less serious risks of lung cancer and other diseases.

Peking to Try to Halt Smoking; Great Wail of China May Follow

By John Fraser

PEKING, Aug. 11 — China, the greatest haven for smokers in the world, is about to launch a massive campaign to fight tobacco. A major article in the Guangming Daily Wednesday formally announced to the Chinese people — for the first time — that there is a link between smoking and cancer. While this is hardly news to the West, it will come as a profound shock to hundreds of millions of Chinese smokers, for whom cigarettes are as much a part of life as work, food and sleep.

The article was written and signed by two of China's most respected medical figures — Huang Chia-szu, chairman of the Academy of Medical Sciences, and Li Chung-hu, chairman of the Research Institute of Traditional Medicine.

Doctors Huang and Li recount Western research on the cancer link. Smoking, they say, is not good for the lungs, brain or respiration. It shortens life. Young people starting to smoke today will probably be very sick inside twenty or thirty years. A mother's smoking is extremely dangerous to unborn children.

The poor Chinese smoker is being hit with all the horrors all at once, unlike Westerners who have been hit with stage by stage.

The doctors say that a major campaign on youth is essential, and to this end they have invoked the support of Chairman Hua Kuo-feng and the Communist Party's Central Committee.

"We must start immediately with the young people and prevent them through education from ever smoking... Every time a young person starts smoking, it is of major concern for the state... We need an education program that will enlist the support of those who do not smoke — teachers, parents, as well as our youth leagues."

©The Globe and Mail

House Unit Backs Carter On Lack of Zaire Reports

By T. R. Reid

WASHINGTON, Aug. 11 (WP) — A House International Relations subcommittee yesterday agreed with the State Department that the Carter administration was not legally required to report to Congress on the U.S. military airlift in Zaire in May.

Accordingly, the International Security Subcommittee rejected a resolution offered by Rep. Paul Findley, R-Ill., that would have charged the administration with a violation of the war powers act for failing to file a formal report on the Zairian operation.

The war powers act, a joint resolution passed over then-President Nixon's veto in 1973, requires the president to report to Congress within 48 hours when U.S. troops "equipped for combat" have been sent into a foreign nation, or when any U.S. soldier is sent to a spot where hostilities are "imminent."

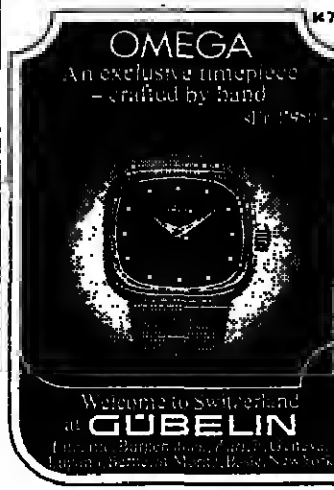
The Carter administration did not make such a report in May when U.S. C-141 transports with Air Force crews carried military cargo into Zaire in support of French and Belgian military personnel defending against Katangan tribesmen who had invaded Zaire's Shaba province.

The administration also did not make a formal report in June when Air Force planes helped ferry into Zaire Moroccan soldiers manning an international peacekeeping force.

On both occasions, however, the administration told congressional leaders beforehand of the proposed airlifts.

Rep. Findley and Rep. James Leach, R-Iowa, wrote to the State and Defense departments questioning the decision not to file a formal report under the 1973 act. The departments replied that the Zaire airlift was not covered by the war powers legislation.

In testimony before the subcommittee yesterday, State Department legal adviser Herbert Hansell said that the May airlift was exempt because the Air Force crews were armed only with revolvers — and thus were not "equipped for combat" — and because the Americans were never nearer to the Shaba fighting than 130 miles.



Compromise Is Carter Victory

U.S. Aid Conferees Agree On Rhodesia Legislation

By Peter Barnes

WASHINGTON, Aug. 11 (WP) — House and Senate conferees meeting to work out differences in the 1979 \$2.8 billion foreign military aid bill reached agreement on Rhodesia yesterday but left the question of Turkey until Monday.

The conferees adopted a Rhodesian agreement suggested by Rep. Stephen Solarz, D-N.Y., that retains the substance of the Senate bill pushed by Clifford Case, R-N.J., and Jacob Javits, R-N.Y.

The Solarz compromise says that the United States shall continue sanctions against Rhodesia after Dec. 31, 1978, unless the president determines that the Rhodesian government is willing to negotiate at an international conference that will include all interested parties, and that Salisbury has conducted free elections under international observation.

The compromise is a victory for the Carter administration, because it retains the Senate provision requiring Rhodesian attendance at an all-party conference before sanctions can be lifted. The House version had contained no such requirement.

Conferees reached the issue of lifting the arms embargo against Turkey at the end of their three-hour session, and left debate until Monday. But Sen. George McGovern, D-S.D., outlined his views on a compromise for the group to consider.

There are three issues at stake, Sen. McGovern said. Both the House and Senate agreed to lift the arms embargo and to provide \$175 million in military aid. But the Senate provides the entire \$175 million as a credit while the House provides \$140 million in arms credits and \$35 million in direct grant. Sen. McGovern suggested adopting the House version.

Secondly, the Senate provided for direct repeal of the arms embargo while the House did not provide for a direct repeal but would let the president lift the embargo subject to certain conditions.

The third area of difference between the House and Senate is a matter of language and not substance — how to word the bill authorizing economic and military assistance for Greece and Turkey so as to minimize Greek displeasure at the decision to drop the Turkish embargo.

In dealing with other areas of the

\$2.8 billion foreign military aid bill, the conferees eliminated direct references to Nicaragua and Paraguay (singled out in the Senate version for violating human rights and thus ineligible for certain aid) and agreed on language dealing with Mexico's use of paraquat to destroy marijuana.

The conferees also recommended that the current policy of not giving military aid to countries found to violate human rights consistently unless the president determines there is an extraordinary security need be made into a legal requirement.

Talks to Resume

ISTANBUL, Aug. 11 (UPI) — Negotiations will soon resume between Washington and Ankara to reactivate some of the U.S. intelligence-gathering installations in Turkey, Premier Bulent Ecevit said.

"Talks to reopen the bases will soon begin," Mr. Ecevit said at a news conference yesterday.

The Turkish leader said, however, "some of the bases will remain closed" because they had "ceased to be of importance." He would not elaborate.

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In '73, Mitchell Offered Guilty Plea, Lawyer Says

By Ronald J. Ostrow

WASHINGTON, Aug. 11 — Former Attorney General John Mitchell offered in 1973 to plead guilty to Watergate cover-up charges if the special prosecutor would drop his investigation of then-President Richard Nixon, it was disclosed yesterday.

James Neal, the attorney who prosecuted the case against Mitchell, made the disclosure in a letter to the U.S. Parole Commission. Mitchell's offer was rejected out of hand by the Watergate special prosecutor, a source said.

Mr. Neal's letter was made public yesterday after the commission ruled that Mitchell and H.R. Haldeman, Mr. Nixon's White House chief of staff, must remain in prison until their winter release dates. Mitchell and Haldeman had sought to be released Aug. 16.

In his letter to Parole Commissioner Robert Cooper, Mr. Neal said:

"Without excusing a clear violation of the law by John Mitchell, I was convinced during the course of the trial that his offenses emanated not from an evil soul but from a misguided and foolish loyalty to the president of the United States."

"In support of this thought I bring to your attention the fact that in the late summer of 1973, Mitchell offered to plead guilty and take his punishment if the special prosecutor's office would conclude its investigation of the then president and the White House."

Mitchell, at a White House cover-up meeting, rejected a suggestion by Ehrlichman that he become the scapegoat.



PULLING YOUR LEG — You are probably not expected to use them this way, but here's how the German Shoe Fashion Institute in Frankfurt introduced a line of high-heeled winter boots. Wide acceptance of this fashion would certainly be a welcome development in the shoe industry.

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Tanada Denounces Marcos as Dictator

Filipino Calls for Nonviolent Crusade

MANILA, Aug. 11 (UPI) — Philippine opposition leader Ferdinand Marcos last night of creating a dictatorship, and called on the Filipino people to join him in a nonviolent crusade for freedom.

Mr. Tanada sounded the challenge before 300 prominent figures who came to a dinner at the suburban Club Filipino for his 80th birthday. Organizers of the dinner had scheduled detained former Sen. Benigno Aquino as one of the speakers, hoping that he would be freed in time to attend.

He was not, and his testimonial to his lawyer colleague was read by his wife, Corason Aquino.

Mr. Tanada has been working in recent months to obtain Mr. Aquino's release under Mr. Marcos' new conciliatory policy. Mr. Aquino, the opposition party spokesman and longtime rival of Mr. Marcos, has been detained on various charges for almost six years. He recently applied for release to be able to accept a fellowship offer from Harvard University.

Despite the absence of Mr. Aquino, last night's affair was cordial and provided an occasion for demands for political liberty, with Mr. Tanada setting the tone.

"I believe we are daydreaming if we think those who own run the government would voluntarily give up their martial powers and privileges," Mr. Tanada said. He proposed a crusade of nonviolence, contending that it would be "sheer madness to even think of force of arms against a regime which yearly receives millions of dollars in aid, military and economic, from the U.S."

30 Sentenced To Death for Yemen Mutiny

BEIRUT, Aug. 11 (AP) — The two-month-old government in Yemen has sentenced 30 army officers to death for mutiny four months ago, but most of them escaped at the time, the government radio station reported today.

The 30 included Maj. Abdullah Al-Alem, a former member of the Presidency Council and commander of the paratroop corps.

He and the others were accused of fomenting an army revolt against President Ahmed al-Ghassani after his election in April. Maj. Al-Alem and most of the rebels fled to neighboring Southern Yemen after the collapse of the mutiny, the broadcast said.

The president was killed June 10, when a booby-trapped briefcase carried by an official emissary from Southern Yemen exploded in his office. Two days after the bomb attack, Southern Yemen President Salim Robaya Ali was assassinated in a power struggle which he lost to a pro-Soviet faction in the ruling National Front.

The Yemeni radio said that another group of mutineers would be court-martialed Monday.

Premiers Reject Constitutional Shifts in Canada

REGINA, Saskatchewan, Aug. 11 (AP) — Canada's 10 provincial premiers have rejected proposed constitutional changes drafted by Prime Minister Pierre Elliott Trudeau.

The premiers, in a communique issued at the end of a meeting yesterday, agreed that the constitution needs changing but said that Mr. Trudeau's proposals were incomplete, unworkable and a threat to parliamentary democracy.

The next move is expected to come in October at a proposed constitutional meeting between Mr. Trudeau and the premiers.

The prime minister has proposed a two-stage renovation of the 1867 British North America Act, the British statute that serves as Canada's Constitution.

Mr. Trudeau introduced legislation last June in which he proposed initial changes next year, altering the Supreme Court and Senate and the role of the monarchy. These changes would be followed by talks on federal-provincial power sharing in the next two years. The premiers rejected Mr. Trudeau's timetable and said that the two stages must go together.

Peace Corps Official

WASHINGTON, Aug. 11 (AP) — Don Galloway, former executive director of the Governor's Council on the Handicapped in Colorado, was sworn in today as Peace Corps country director in Jamaica.



SURVIVING IN INCUBATOR — Agai, a 3-month-old monkey at the zoo in Basel, Switzerland, rests in incubator. Agai was born by Caesarean section and required the help of "foster parents" at zoo when his mother refused to accept him. Then he got a bad cold and was placed in incubator by zoo veterinarian, who said it was Agai's only chance for survival.

Census Bureau Figures for 1975

U.S. Reports 3 Abortions per 10 Births

WASHINGTON, Aug. 11 (UPI) — Americans accept abortion to the point that there were nearly three legal abortions for every 10 babies born in 1975, according to Census Bureau statistics released yesterday.

The report, the first comprehensive government review in seven years of U.S. fertility and contraceptive habits, found broad use of every form of contraception. In 1975 an estimated 89 percent of married women used some form of birth control.

And in spite of the Roman Catholic Church's opposition to artificial birth-control methods, the Census Bureau said that Protestants were only 4 percent points higher than Catholics in use of contraceptives.

The report also said:

- Unmarried women — single, divorced or widowed — had three out of four of the abortions.
 - New York State reported more than six abortions for every 10 babies, while in Washington, D.C., there were more than twice as many abortions as live births.
 - About half of those surveyed objected to abortion as a birth-control method.
 - Nine out of 10 abortions occurred in the first 12 weeks of pregnancy.
- The report also documented continued increases in childbearing by unwed mothers, saying that 448,000 illegitimate children were born in 1975. Teen-age mothers accounted for more than half of these births, it said.

Despite wide use of abortion, the study showed that Americans still are divided about it.

Of those surveyed, 51 percent disapproved of abortions done simply because a couple does not want more children, compared with 85 percent who disapproved in a 1968 Gallup Poll.

The study said that 45 percent disapproved of abortion when the family could not afford the child, down from 72 percent in 1968.

854,853 Abortions

Nationwide, there were 854,853 legal abortions in 1975, or 272 abortions for every 1,000 live births. There were wide state-by-state variations.

For every 1,000 live births in 1975, New York recorded 624 abortions, California, Connecticut, Illinois, Maryland, Massachusetts, Oregon, Rhode Island, Vermont and Washington all recorded more than 300 abortions for every 1,000 live births.

Mississippi had 7 reported legal abortions for every 1,000 live births and West Virginia had the lowest ratio, with 3 abortions for every 1,000 births.

The lone jurisdiction to record more abortions than births was the District of Columbia, where 2,328 abortions occurred for every every 1,000 live bi

By comparison, the House Budget Committee has recommended spending \$490.5 billion, predicting revenues of \$446.8 billion and a deficit of \$43.7 billion.

California Hospital's Tower: Not Quite the Ritz, But Trying

NEWPORT BEACH, Calif., Aug. 11 — A hospital hostess tells the story of a patient, who — excuse the expression — would not be caught dead in a hospital. Now he signs a waiting list to get into "Chez Hoag."

"Chez Hoag," as aficionados call it, is the 10th-floor tower at Hoag Memorial Hospital. Its price tag of \$185 a day dictates its exclusivity.

"Anybody who's anybody in Newport goes to the 10th floor of Hoag," said Suzi Gurley, social director of the Balboa Bay Club. Her late father, steel executive Sam Gurley, was a benefactor of the floor and a patient there intermittently for six months.

The 17-room tower is a home-away-from-home, office-away-from-office setting considered ideal by corporate executives, politicians and "The Duke of Wayne," as the actor is affectionately called by a hospital employee.

John Wayne was most recently a patient at the tower in March before his surgery to replace a heart valve.

The tower rooms, opened in 1974, are twice as large as the regular \$125-a-day rooms and include a sofa-bed for spouses who want to spend the night, color-coordinated towels and linen, complete bathroom facilities, color television, telephone and refrigerator.

The VIP suites overlook the ocean and Newport Harbor. Patients who have their doctors' permission can take advantage of the sauna down the hall. And when they get bored with the sauna and weary of the view, they can call one of the four hostesses on the floor. There are no male hosts. While floor nurses, private nurses and physicians attend to the medical needs of the patient, a hostess answers telephones, sets up appointments, runs errands and serves meals — oo chine. Coffee and tea are poured from sterling silver pots. The dinner menu reads like one from any of the nearby expensive bayshore restaurants: Lots of seafood, French dishes and heavy desserts. All meals are prepared on the hospital premises.

Skyrocketing hospital costs apparently have had no effect on the popularity of the tower. In a recent check, all of the rooms in the tower were booked solid.

© Los Angeles Times

Similar to U.K. Tests

Soviet Geneticists Reveal Experiments on Embryos

MOSCOW, Aug. 11 (AP) — Soviet doctors revealed yesterday that they are carrying out genetic experiments similar to those that produced the world's first known test-tube baby in Britain last month.

Two leading geneticists played down the birth July 15 of Louise Brown, calling it the product of technical virtuosity and luck that "does not solve anything practically."

Soviet experiments are under way by doctors in Leningrad and Moscow, said Dr. Leonid Persiani-ov, director of the Health Ministry's Obstetrical Research Institute.

In an interview with the Moscow youth newspaper Moskovskaya Pravda, he called the birth of Louise "unquestionably an outstanding event in medicine," but added that "in my view it is an isolated case and will have no wide use in the near future."

Dr. Boris Leopoov, conducting the experiments in Moscow, said a wide range of procedures is being tried in an attempt to understand the processes involved in artificially fertilizing and implanting an embryo.

He said that "today this operation is still a chancy one. Any hope of implementing it widely as a clinical procedure is still premature."

Unlike the work of British doctors Patrick Steptoe and Robert Edwards in a small hospital in the British town of Oldham, Dr. Leopoov said the Soviet experiments are being carried out at "highly specialized leading establishments."

Specific Experiments

He said they deal with the details of fertilization, cell division and implantation of embryos. Specific experiments focus on the properties of cell membranes and on the influence of sex hormones on cell division, he said.

"In contrast to these [the British] physicians, we in our experiments on early embryo germs are seeking answers to basic questions," for example, the influence of different extreme conditions on the development of an embryo," Dr. Persiani-ov said.

On ethical questions about test-tube births, Dr. Persiani-ov said: "The Red Baron shot down the British commanding officer and then shredded the fuselage of Mr. Lewis' plane, which caught fire."

Mr. Lewis, the Red Baron's 80th victim, crashed behind German lines, but was thrown clear and walked away from the wreckage. The Red Baron was shot down the next day.

Man Carrying Heroin Arrested in Rome

ROME, Aug. 11 (UPI) — Airport police said today that they arrested an Italian trying to fly to Canada with 8.8 pounds of 80 percent pure heroin.

They said that they believed the man, Cosimo d'Agostino, 40, was a courier for a large international ring linking the Italian Mafia and the U.S. crime syndicate.

D.G. Lewis, 80, Red Baron's Victim, Is Dead

SALISBURY, Rhodesia, Aug. 11 (AP) — D.G. (Tommy) Lewis, 80, possibly the last man shot down by the "Red Baron," Germany's World War I ace Manfred von Richthofen, died yesterday in a hospital here.

On April 20, 1918, flying a Sopwith Camel that bore the name "Rhodesia," Mr. Lewis was on his first dawn patrol with six others when they ran into Mr. von Richthofen's squadron called "The Flying Circus."

The Red Baron shot down the British commanding officer and then shredded the fuselage of Mr. Lewis' plane, which caught fire.

Mr. Lewis, the Red Baron's 80th victim, crashed behind German lines, but was thrown clear and walked away from the wreckage. The Red Baron was shot down the next day.

Tokyo Rationing Water

TOKYO, Aug. 11 (UPI) — Tokyo's metropolitan authorities today put the city on water rationing because of a prolonged summer drought.

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Would Honor Untouchable

College Name Proposal Provokes Riots in India

By William Borders

AURANGABAD, India, Aug. 11 (UPI) — A proposal to honor the memory of an untouchable has shattered the tranquility of this university town.

The dispute, which has provoked widespread rioting, anti-government sabotage, and several murders in the countryside near here in the last two weeks, reflects the way in which prejudice that is built into India's ancient caste system still holds much of the country in its grip, despite the government's vigorous efforts to banish it.

The controversy centers on a government proposal to change the name of the public university, giving it the name of B.R. Ambedkar, an untouchable who was one of the architects of India's Constitution 30 years ago, and the country's first law minister.

To the untouchables, the people at the bottom of the Hindu social structure, the name change would be a welcome recognition of one of their own who achieved success — akin to naming a U.S. school after Dr. Martin Luther King Jr.

Official Pandering
But upper-caste Hindus regard the plan as official pandering to an increasingly demanding minority, and they fear that the university, named Marathwada University, after the name of this region, would come to be identified with the untouchables if it were named after one.

"The new name would change the whole nature of the place," said Vasanth Muley, a history professor who is opposing the change. "We all have respect for Ambedkar as a great man, but why must our university be named for him?"

Mr. Muley, who is a Brahmin, the highest Hindu caste, said that many persons also feared that the change would be only a first step

toward giving the untouchables more power.

Since late last month, when the Maharashtra state government proposed adopting the name of Mr. Ambedkar, who died in 1956, angry mobs who share Mr. Muley's fears have rampaged through dozens of farming villages, burning hundreds of the little huts in which most untouchables live. Several untouchables and one policeman have been killed, and hundreds of untouchables have been injured.

Violence Deplored

Mr. Muley and his like-minded colleagues deplore the violence, of which there has been almost none on the green rolling campus, and both sides think that villagers have simply seized upon the issue to settle old scores against the untouchables.

The practice of untouchability is banned by the Indian Constitution and subsequent laws. It is, for example, illegal for caste Hindus to make untouchables use a different well for drinking water, and although that practice is still widespread, more and more untouchables are insisting on their legal rights.

In a village near Delhi, untouchables violently resisted an attempt by higher-caste Hindus to take away their crop land. In a similar incident south of Madras last month, untouchables attacked a shopkeeper who they said had been harassing one of their women, and touched off a bloody clash in which a dozen persons were killed.

Rights Demanded

"As we stand up to the caste Hindus, insisting on our rights, they're scared, and they fight back," said D.N. Sandanshi, an untouchable law professor who is leading the campaign for the name change.

Because some of the schools in Marathwada University are known to welcome untouchables, they make up an unusually high percentage of its 40,000 students — 26 percent, Mr. Sandanshi said, compared with the untouchables' proportion in the population, which is 15 percent.

Many of the angry words recall the U.S. South of 10 or 20 years ago. Several professors fighting the change said that the untouchables press for it were "not local boys at all, but people who came in here from outside to stir up trouble."

One of them added: "We genuinely want to do things for these people, out of grace and the good of our hearts. But the moment they become arrogant and start demanding things we no longer want to help them as much."



Robert McFall after losing court case two weeks ago.

Anemia Victim Dies, Asks Forgiveness for Cousin

PITTSBURGH, Aug. 11 (UPI) — Robert McFall's dying request was that his family forgive the cousin who refused to donate bone marrow that might have saved his life.

The asbestos worker, who was suffering from aplastic anemia, died yesterday of a cranial hemorrhage.

"One of the last things he did was ask us to forgive him, too," said Beverly Hope, Mr. McFall's sister. "He was at peace with himself at the end and was very happy."

Mr. McFall had gone to court last month in an unsuccessful attempt to force his cousin, David Shimp, 43, of suburban Plum Borough, to donate 21 ounces of bone marrow.

Mr. Shimp, considered the best compatible donor, would not submit to the transplant for fear of complications.

He said yesterday that he was sickened by his cousin's death. "I could throw up right now," he said. "I feel terrible about Robert dying, but he asked me for something I couldn't give. That's all I can say now. I feel sick."

"I don't think I'll go to the funeral... not the way those people feel about me. I'll stay home and say my prayers," he added.

Common Complication

A Mercy Hospital spokesman said that Mr. McFall, 39, of suburban Pleasant Hills, was stricken early yesterday and died about eight hours later. Another spokesman said that cranial hemorrhage is a very common complication for people with aplastic anemia, and might have occurred even with the bone marrow transplant.

Allegheny County Common Pleas Judge John Flaherty on July 26 denied Mr. McFall's request to

force Mr. Shimp to undergo the transplant. Judge Flaherty based his decision on U.S. common law precedents that recognize no legal duty to take action to save another person's life.

"I would make the same decision," Judge Flaherty said yesterday. "But it wasn't easy. I knew that death was imminent, but we had a situation where we would be compelling one to give living tissue so that another might be saved."

Aplastic anemia destroys bone marrow, which produces disease-fighting white blood cells and oxygen-bearing red cells. Without the bone marrow transplant, doctors said, Mr. McFall only had a 20-to-25-percent chance of living a year. With the transplant, they said he would have had a 50-to-60-percent chance of surviving his illness.

U.S. Gets Suit To Ban 'Nigger'

ATLANTA, Aug. 11 (AP) — Georgia state Sen. Julian Bond has filed suit in try to erase the racial slur "nigger" from U.S. radio and television, saying that the word defames "a whole race of people."

Sen. Bond and the Atlanta chapter of the National Association for the Advancement of Colored People filed suit yesterday in U.S. District Court to force the Federal Communications Commission to add the word to its list of seven "dirty words" banned from the nation's airwaves.

The FCC had rejected the senator's request to ban the word in political advertisements used by J.B. Stoner, a white supremacist who ran unsuccessfully for governor in this week's Georgia primary election.

Brazil General Struggles to Win a Presidential Image

By David Vidal

RIO DE JANEIRO, Aug. 11 (UPI) — Gen. Joao Baptista Figueiredo, who was designated on Jan. 5 to succeed Gen. Ernesto Geisel as president next March, was until recently little known to the public.

Reporters called the reserved chief of outdoor intelligence, near the center of power during most of the last 14 years of rightist military rule here, the "minister of silence."

His agency was associated with spying and repression of political dissent. During the seven months since his emergence as a public figure, in a political climate favoring a quick return to democracy, Gen. Figueiredo has undergone a metamorphosis. Amid indications of dissonance among the military that have led to open speculation by political analysts as to whether he will be allowed to take office, the general has begun campaigning in recent weeks like no other military "candidate" has done in 14 years and as if a popular election for president were being held.

The new president will be chosen on Oct. 15 by an electoral college that is dominated by the government party, the National Renovating Alliance. An oppositioo front continues to maneuver to unite around an alternative military or civilian candidacy.

Hours of Exposure

The general's campaign is being directed by a Sao Paulo advertising agency, which is an innovation at this level in Brazilian politics.

The general is 60. He has embarked on an enthusiastic tour of key states to sell himself and the plans of the military regime for a gradual return to "relative" democracy.

From handshakes with construction workers, housewives and politicians, hours of exposure to reporters and television interviews, walking tours and rides in the working class trains of Rio, the image of a new Gen. Figueiredo — an outspoken, well-meaning "good guy" — has gradually been fashioned for Brazilians.

The true test of his appeal will come on Nov. 15 when Brazilians vote in limited parliamentary and municipal elections that the government regards as a popularity test it cannot afford to lose. Polls show that the government party continues to trail the opposition by a 2-to-1 margin.

Lighter Glasses

"If there is one thing that saddens me," the general said late last month, "it is to feel that some sectors still persist in not believing our good intentions when we affirm that we are going to make a democracy out of this country. I am going to make a democracy out of this

country no matter what resistance may come around — as long as it does not come from the heavens."

To improve his image, he has replaced his dark glasses with a lighter pair. A stern expression has given way in frequent smiles.

"He is being presented as a simple good-guy who had nothing to do with what took place in this country in the last 14 years," the independent newspaper O Estado de Sao Paulo said.

The need for this effort has been pointed up by recent events indicating that the regime's control over the political process is declining. In early June, for example, it suffered a stunning political defeat in Sao Paulo.

Laudo Naitel, a personal friend of Gen. Figueiredo and his hand-picked candidate for governor, was rejected for the position, in which he had earlier served twice. Then on June 23, the regime finally unveiled its long-awaited political reform bill. It proposes restoration of the right of habeas corpus, an end to arbitrary dismissals of elected or appointed public officials, and a ban on press censorship.

Far from exciting the public, the bill was criticized. Brazilian lawyers said it met only the "minimum fundamental principles" that the bar association has been urging for years.

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Carter's Wrong Smoke Signal

There have been big newspaper headlines proclaiming a federal researcher's conclusion that some cigarette brands are now so low in toxins that they can be smoked without apparent risk. Within hours, both the U.S. Surgeon General and the American Cancer Society issued stern rebuttals. They urged smokers not to be misled: Some cigarettes may be less hazardous than others but there is no such thing as a safe cigarette. That message deserves to be heard everywhere, but nowhere more than in Jimmy Carter's White House.

That is why Mr. Carter's comments have such a hollow ring. Early this year Secretary Califano of Health, Education, and Welfare launched a campaign against cigarette smoking, which he aptly described as "slow-motion suicide." The campaign was modest enough to begin with — depending heavily on education and persuasion to wean people from their addiction or to prevent them from getting hooked in the first place.

But the White House, whose chief occupant comes from a tobacco state, has since tried to weaken the campaign still more. First Peter Bourne, former presidential assistant for health, suggested that tobacco might have some "beneficial" effects; and he urged that anti-smoking efforts deal "realistically" with the industry and social fabric built up around cigarette use. And now Mr. Carter has pledged to continue price supports for tobacco and to press research to make smoking safer.

We don't view price supports as a cause of cigarette consumption — though it would be praiseworthy if the government started developing ways to help farmers willing to switch to other crops. Nor do we object to research on less harmful cigarettes of the kind that led to the recent headlines. But government's overriding objective must be to prevent young people from getting hooked, and that requires a vigorous educational effort against smoking. Mr. Carter is using his pulpit to propound the wrong message.

THE NEW YORK TIMES.

Edward Durell Stone

If Edward Stone had designed no building in Washington other than the John F. Kennedy Center for the Performing Arts, he still would be regarded as one of the city's most important architects. As it is, Mr. Stone also designed the Georgetown University Law School and the National Geographic Building — a work architecturally superior to the Kennedy Center in most ways. But the Kennedy Center was his major effort here, and his major legacy. And the fact of its success as a place for art, if not a thing of beauty, testifies to how fully Mr. Stone understood this city, and the arts as well.

The Kennedy Center is so much a part of Washington now that it's odd to think back to the late 1950s and early 1960s when its existence was up for grabs. First the "national cultural center" was to consist of "several 300-to-400-seat rooms" in addition to three enormous main theaters. It was to be 900 feet long and to cost \$50, no \$61, no \$75 million. There was congressional clamor. Then the price was slashed to \$30 million, and the architectural plans reduced accordingly — just in time, of course, for the price to more than double. At one point in 1962, Mr. Stone changed his design to a cluster of separate buildings. To top everything, there was a barrage of 11th-hour attacks on the proposed site of the center: It would overwhelm the city's memorials; it would be inaccessible to those without cars; it would be better located downtown.

Mention those arguments to those who led the attacks in 1964 and 1965, and the hackles rise even now. The most deep-seated worry was not that the center would dwarf the national monuments, but rather that it would become a national monument in itself, and thus not a place where a fluid culture thrives. Observe the center coldly today, and you understand the concern. There it squats — all

630 by 300 by 100 feet of it — a short way from the Lincoln Memorial, which it imitates poorly.

Yet Mr. Stone understood what he was doing with the Kennedy Center, perhaps far better than anyone imagined. The building is colossal, but it is also clever. Its size is broken into manageable units for the eye. The grey and white marble on the terrace is patterned into squares and rectangles, so as not to follow down in one infinite path. The doors are high as well as wide. The trees and fountains flourish in their own compartments. And there's the location itself. No cultural center in the country has a more beautiful view. Nor is there a more pleasant place to stand during intermission or after a performance than on the terrace below which the Potomac miraculously becomes the Thames.

The Kennedy Center is not a beautiful building, but as a place of performance it is a beautifully functional one. Mr. Stone did build beautiful buildings — notably the pavilion at the Brussels World's Fair, and New York's Museum of Modern Art — but the beautiful, the special buildings stopped after his famous U.S. Embassy in New Delhi (some say just before it), and, like Orson Welles, he became a celebrity at about the time he set aside the original force of his talent. Yet he was always a serious artist. He spoke sincerely of the need to convey "courage" and "dignity" in buildings, and he condemned "the colossal mess we've made of this country" with true rage. As for the Kennedy Center, he undertook the task as a national trust and sought to create a place where one can enjoy the arts wholeheartedly. That he did.

THE WASHINGTON POST.

International Opinion

Raising Mideast Stakes

President Carter is considerably raising the stakes in the Mideast negotiating process by convening the meeting early next month with Mr. Sadat and Mr. Begin at Camp David. . . . It does not appear to have been very difficult for Cyrus Vance, the U.S. secretary of state, to secure the agreement of Mr. Begin and Mr. Sadat to take part. . . . Mr. Begin could not have refused without again appearing the more intransigent of the two men — something which Mr. Sadat has been doing lately with his demand. . . . that Israel must commit itself to a withdrawal from the West Bank and Gaza Strip before peace talks could continue. For Mr. Sadat the meeting is a sufficiently lofty forum to enable him to extricate himself from the im-

plications of that statement and demonstrate he is not obstructing the peace process.

The first consideration is very important because Mr. Sadat has been under especially heavy pressure in recent weeks from Arab states to accept the failure of his peace initiative and allow a degree of unity to be recreated in a fissured Arab world. . . .

Much depends on what role the U.S. government plays at the meeting. A summit meeting with direct U.S. involvement is unprecedented and the consequences of failure are obvious. But there are a few weeks to go before the summit takes place — time for preparations to be made and new positions considered which could ensure that the meeting at least opens the way to a more fruitful negotiating process than we have been so far. — From the Financial Times (London).

In the International Edition

Seventy-Five Years Ago

August 12, 1903

PARIS — Paris is appalled at the loss of 84 lives in the recent catastrophe in the Metropolitan railway Couronnes station, where a train caught fire. It appears that the appalling extent of the death toll is due to the fact that the passengers refused to leave the station without gaining refunds on tickets they purchased for the train which caught fire. While they were wrangling for three sous, a wall of smoke filled the station. Simultaneously, the electric lights went out and a mad rush ensued for the exit. The majority of the victims were suffocated.

Fifty Years Ago

August 12, 1928

CHICAGO — The lid has been slamming down with a bang on gambling in Chicago. Under rigid orders, which came to the police from higher up, the doors have been shut tight on 1,500 handbooks, and on every big gambling den in the city. As a result, Chicago is a closed town, and a public which has been waging thousands of dollars daily on horse races and ball games is running around trying in vain to find a bookie who would take bets. No special reason was given by police, who passed the word around of the crackdown.



Proposition 13: Afterthoughts

By David S. Broder

WASHINGTON — Second thoughts are beginning to roll in on Proposition 13, and they carry a somewhat different message than the original reactions.

The voters have changed their minds in some respects. The Los Angeles Times polled California in late June and found support for the tax-limitation measure had grown among the general populace in the weeks since its passage. One out of seven voters who opposed it in the early June referendum had swung over to its support.

The main reason for that support was that "Proposition 13 will force government to cut out a lot of waste and inefficiency." Six of 10 people in the survey said they believed "wasteful government programs will be eliminated."

Yet there was contradictory evidence within the same poll, particularly for those who had hoped that by taking the tax-cutting initiative into their own hands the voters might relieve themselves of some of the cynicism and negativism they express toward the politicians and the powerful.

New Taxes?

When asked what they thought the most likely "final, lasting" result of Proposition 13 would be, the most frequent of four possible responses was that "other taxes will be raised to make up the difference." And fully 55 percent of those polled said that ultimately "the rich will benefit the most." That doesn't make Proposition 13 sound like a sure cure for alienation.

A second interesting afterthought comes from the granddaddy of conservative economic theory. Nobel prize-winning economist Milton Friedman is warning that Proposition 13 is not really the answer for those whose goal is to curb the growth of government.

In an article in Policy Review, a publication of the Heritage Foundation, Friedman points out "the limitations of tax limitation." He supported Proposition 13 despite its "many defects," and looks forward to passage of similar limits in other states.

But, Friedman says, "We have to bear in mind that tax limitation laws are not cure-alls, they are temporary stopgaps."

The ultimate test of the conservative movement, he believes, is the capacity to limit government spending, not just taxes. And cutting spending at any level — national, state or local — means mustering the political support to overcome the demands of hundreds of individual constituencies, organized to promote the programs they regard as vital.

Silver Bullet

As Roy Ash, the former federal budget director, commented to Republicans advocating the Kemp-Roth federal tax-cut proposal, "There is no silver bullet" that will stop the growth of federal spending in its tracks.

But if the voters are ambivalent and some conservatives are nervous about overstating the effects of Proposition 13, some government professionals are beginning to react in ways that do not sound "typically bureaucratic."

The new issue of Public Management, the magazine published by the International City Management Association, has the comments of a couple dozen professional city managers on Proposition 13. While not denying its disruptive effects in the short-term, many of them echo the view of Thomas G. Dunne, city manager of Walnut Creek, Calif.

"Never before," he writes, "have I sensed a better opportunity to be able to effect changes and improvements in how we conduct the

public's business." Specifically, he says, the door is now open to better "pricing and marketing of selective city services," to reform of tax structures and reorganization of city governments. Units of government which are obsolete or which duplicate and overlap others can be more easily abolished in this climate, Dunne says, and so can the tax differentials between neighboring areas.

Along the same line, David B. Walker, assistant director of the Advisory Commission on Intergovernmental Relations, writes in the new publication of that group that the reshuffling of funds and func-

tions among the special districts, the counties and the state government in California following Proposition 13 already has begun to "change the mix of . . . functional responsibilities in a way that some reformers have endorsed for years."

All this is not to say that Proposition 13 is a panacea, or to deny that its effects on some programs and some people may be very adverse.

But it does suggest that a change of this sort, shaking up the structure, can be a catalyst as well for improvements that might not have occurred for years without such a prod.

Letters

Angry Taxpayers

The article on the frustration and anger of overseas taxpayers (JHT, Aug. 9) "Americans in Europe Angry, Frustrated Over Tax Confusion" reveals the stagnation of the overseas lobbying effort. It has relied too long on the cost of living issue and the promotion of foreign sales of U.S. goods issue as the justification for Section 911 benefits.

The cost of living argument failed to get to first base in 1976 when opponents of section 911 pointed to equally high or higher costs in the United States, where were not tax relieved. Mere repetition of a bad argument does not make it more persuasive. Indeed that may be counterproductive since the current threat is that tax relief for Americans in Europe will be limited to the proposed "excess cost" deductions while, while arguably responsive to the cost of living problem will fail to grant us parity of tax treatment with domestic taxpayers.

The foreign trade incentive argument may have weathered somewhat better but has gotten bogged down after studies produced ambiguous results about the role of overseas Americans in promoting U.S. goods and services.

What has been needed, but so far has been lacking, to preserve the flat income exclusion (while also getting relief for living costs) is an unassailable argument — one that is inherent in the system will withstand study without producing ambiguous results, and will not collapse when compared to domestic conditions.

There is such an argument though, regrettably, it is a bit difficult to state without getting bogged down into details. Essentially, it is that U.S. tax laws discriminate against expatriate taxpayers at almost every turn, and unless Congress sets this right by giving us comparable treatment, section by section throughout the Internal Revenue Code, for essentially comparable conditions, its only alternative is to continue its broad exclusion that effectively exempts from tax the average wage earner.

Specific illustrations of discrimination abound, some quantifiable in value, some not, the point being that we almost always lose out. I am simply referring to nondeductible, uncreditable value added tax and similar costs, though they are very important. A taxpayer sells his home in the United States and then finds he cannot postpone capital gains tax due to legal and practical barriers overseas on home ownership. Tax shelters do not work because they are ineffective in the foreign country. Tax forms arrive late overseas so that the rule on filing by Jan. 31 to avoid penalties on estimated tax might as well be abolished for us. Items deductible in the United States are not deductible here (gas tax, sales tax, charitable

contributions) or cost more (interest, tax advice). Some costs, though not deductible in the United States only arise overseas (electrical transformers, television sets for the different systems). One searches in vain for real help in all those free IRS publications that overlook the foreign aspect of each subject and so on right through the entire tax law.

The only concession to us, the extra two months to file, barely offsets the penalty of late delivery of tax forms sent overseas and the rule that treats returns mailed from abroad or filed upon receipt by the IRS. Since interest is payable after April 15, this is no real concession at all.

It's no wonder overseas taxpayers are frustrated and angry. They have a compelling and legitimate grievance that, despite the lobbying, four years of congressional study and so on, has never been effectively urged upon the tax committees in Congress. It should be because there is no answer to it and no justification for it. Either bring us within the system fairly or let us out through the flat exemption.

THOMAS E. JOHNSON, London.

ICBM Shell Game

The New York Times editorial (JHT, Aug. 2) is correct in being sceptical about the Pentagon's plans for a mobile land-based missile.

As I recall, when someone first floated the concept of "the vulnerability of the Minuteman," the Air Force was reluctant to endorse it. Its leaders were understandably afraid that the net result would be that Minuteman would be scrapped. It was only when the mobile MX seemed a good prospect that the Air Force began to agree that it was worried about the Minuteman.

In any event, the coming vulnerability of the Minuteman has long dominated SALT, even though the Backfire and Cruise missiles have gotten the publicity. This would probably have become an issue anyway, but those large Soviet missiles really put the frosting on the cake.

The choices are clear. You can either let the Minuteman become "vulnerable" go for some kind of mobile missile, or scrap the Minuteman and rely on the bomber and the nuclear submarine. Since the prospects for the survival of many bombers is not all that great, the first and last options mean in effect relying on the submarine. While I would personally be prepared to do this, I doubt that it is politically possible. I suspect, therefore, that we are headed toward some form of mobile land-based missile.

It is not my impression that the Russians are opposed to mobile missiles in principle. It was the

An End of Charity in Democracies?

By William F. Buckley Jr.

NEW YORK — It quickly became a cliché, along toward the flowering of the New Deal, that the creeping institutionalization of charity might have the effect of contaminating the wellsprings of charity.

If — to take an example that might have been appropriate in the pre-industrial age — the prince automatically gave bread to the poor, what role would be left for the Church? If Caesar is given responsibility for the lame and the halt, what role is there for the neighbor? How does the Samaritan practice Goodness?

The issue has arisen in Europe with a ferocious display of resentment toward — those who seek to do good. In Sweden, an industrialist decided to finance a public park, and there ensued not a testimonial dinner expressing the gratitude of the community, but a demonstration arguing that the park was a community facility by reason of the just social demands of that community, and the intervention of the philanthropist was hereby resented — who does he think he is, to place himself in the role of the State, which is the only legitimate patron of the public? A similar episode, in Great Britain, gave rise to commentary by a socialist theoretician that it was "presumptuous" for a man to act "philanthropically."

A Perfect Order

Indeed, that in a perfect order, public philanthropy on any conspicuous scale would be impossible, because in such an order the accumulation of a considerable surplus would not be tolerated.

The United States, not without reason, is frequently designated as the most generous nation in the world. Question: Is this a public comment, or a private comment? When de Tocqueville remarked on American generosity, clearly he was remarking on a private disposition. But a postwar Italian president remarking on U.S. charity was referring to the Marshall Plan, an act of Congress. But this leads to the question: In a democratically-run society, isn't an act of Congress nothing more, and nothing less, than the corporate expression of 200 million individual voices?

The argument is theoretically sound. That is, if Congress passes, let us say, an act guaranteeing a minimum income, it is deduced, inasmuch as the members of Congress are voted into office by the people, that Congress is merely transcribing the people's will. The "people," in other words, are instructing the Internal Revenue Service to increase taxation upon themselves sufficient to amass a sum of money needed to guarantee the minimum income.

What's wrong with that? Under examination, one discovers that the assumption of auto-taxation via Congress is something less than exact. This is so because of the incidence of the tax. Fifty percent of the U.S. people contribute only 6 percent of federal revenues. Accordingly, what you have is on the assumption that the 50 percent paying the least taxes are a solid block favoring the contemplated congressional philanthropy — a coalition of the non-taxpayers and some taxpayers, united in their resolution to exact from the balance of the taxpayers a contribution to the minimum-income plan.

To be sure, the theoretical breakdown of the transaction is made more difficult by the factor of widespread ignorance. There are many people in this world who would instruct their legislators to vote for a welfare measure — the result of which will cost them each an additional \$1,200 in tax per year — who would not volunteer \$50 to a man arriving at their door requesting a contribution designed to effect the identical relief.

Down the Road

But what will happen, down the road, in a democratic society when the acceptance of federal welfare programs relieves the individual of any sense of obligation to contribute to local charities? A Community Chest fund-raiser remarks that this is — in his own experience — beginning to happen. The drive for the local hospital, for the local library, or for the local fresh air fund, faces the old donors who begin to look away, on the grounds that the hospitals and the educational institutions and the youth corps have become federal projects for which they are being taxed.

They greet the local supplicant in the familiar accents of the man who says he already gave at the office.

How Long?

How long will it be before we reach the stage, already reached in Sweden and Britain, where the responsibility is assigned to the State? More important, what is the next likely development? Past the point where there is a sense of the people that the State is in fact representing them? Will the tax revolt we are all witnessing already assert itself after the wellspring of philanthropy have become arid? How long will it take to re-stimulate the ethos of the American Mount, which enjoins the individual to individual exertions in behalf of the halt and the lame, and the poor, and the lonely?

One sighs, and supposes that the problem will one day be surveyed by a congressional committee.

JOHN C. AUSLAND, Oslo.

Third World Aid

Jonathan Power's enlightened comment (JHT, July 6) on the linkage between the prosperity of the industrialized countries and the stability of the Third World have no doubt important implications for international policies to revive the Western economies.

The idea is now becoming fashionable but as far as I know it has been first forcefully pronounced by Prof. A. Angelopoulos in 1972 in his book "The Third World and the Rich Nations" (1973 English edition by Praeger). His ideas were further elaborated in a second book published last year under the title "A New Strategy for International Development." In a highly independent world the stimulation of effective demand at the national level will not produce the required expansion. What is needed is a stimulation of global aggregate demand and particularly investment demand in the developing countries which are characterized by excessive underutilized capacity. The implementation of Keynesian policies at the global level as a way to re-charge the rundown batteries of the Western world and to reduce international inequalities is the distinct contribution made by Prof. Angelopoulos in his last book.

As a matter of fact, the idea of Marshall Plan for the Third World was also first proposed by him (see page 146 of the 1972 French edi-

tion of his book (The Third World, etc.). Subsequently, he put forward this idea to President Carter in a memorandum dated March 1977 (see Journal of Commerce, April 26, 1977 and May 3, 1978).

It is gratifying to see that the British prime minister now favors this policy strategy. It will be a significant event for the future of the mankind if the other participants in the Bonn summit also adopt Mr. Callaghan's attitude. In the meantime, may I suggest that if a Marshall Plan for the Third World comes near fruition, we may wish to name it, the Angelopoulos plan — as a tribute to a great humanist and a man of vision.

G. N. YANNOPOULOS, ATHENS.

Cursed Again

The more it changes, etc. . . . I take the following from the May issue of the Scientific American's "50 and 100 Years Ago" column: "May, 1878: American manufacturers are better in quality than those of any other nation and are highly appreciated almost everywhere and are in the main as a cheap or cheaper than others. But the trade in them is pushed with little skill and energy by our people; our exporters act carelessly and do not in such matters adapt themselves to the necessities of different countries as carefully as do the English and Germans. Dealers abroad complain that descriptive circulars and price lists are not full enough. Our manufacturers do not adapt their goods to do those of other countries; and . . . do not maintain fixed prices but vary them frequently, being compelled to do so by the fact that we here are cursed with a currency of fluctuating value."

And in 1878 we had no oil crisis to blame our troubles on.

J. M. BRADLEY, Bonn.

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The Art Market

Buyers Keep Focus On the Old Masters

By Soren Melikian

LONDON, Aug. 11 (IHT) — The striking fact that emerges from the end-of-season figures issued by the two main auction groups in London is the ever-growing share of paintings of all categories in the art market.

Despite the phenomenal prices fetched by the much publicized Robert von Hirsch objects d'art, despite the thumping success of the George Ortiz collection of primitive art sold the week later at Sotheby's, Sotheby Parke Bernet net sales for the 1977-1978 season that ended July 31 show that paintings account for a third of the total this season, as they did the season before — £55 million of a total £162.5 million compared with a previous £40.9 million of a total £123.9 million. Their competitor, Christie's, also registers a progression — £28.3 million this season compared with £17.1 million last season — up from just under a quarter to nearly a third of their total, like Sotheby's.

Old Masters

The progression is attributable primarily to old master paintings, including the tail-end production of the 19th century to the impressionist revolution.

One of the reasons for the progression is quite simple: Competition is growing more acute every day for those old masters that are still available now that Vermeer, Rembrandt, Leonardo da Vinci, Raphael, and a few others have been put in cold storage forever in public institutions.

This applies first to all truly great masters. Three records were established at the Von Hirsch sales which probably owed little to the Von Hirsch aura. The Norton Simon Foundation paid £550,000 for a "Madonna and Child" by Giovanni di Paolo painted for the Brancini Chapel in Siena in 1427. At the time, some critical comments could be heard about the amount of restoration work in the Virgin's robe — with some justification. However, the beauty of the composition is untouched, as are the faces of the Virgin and the Child. And who is to say when another major work of the early Sienese school will be up for sale?

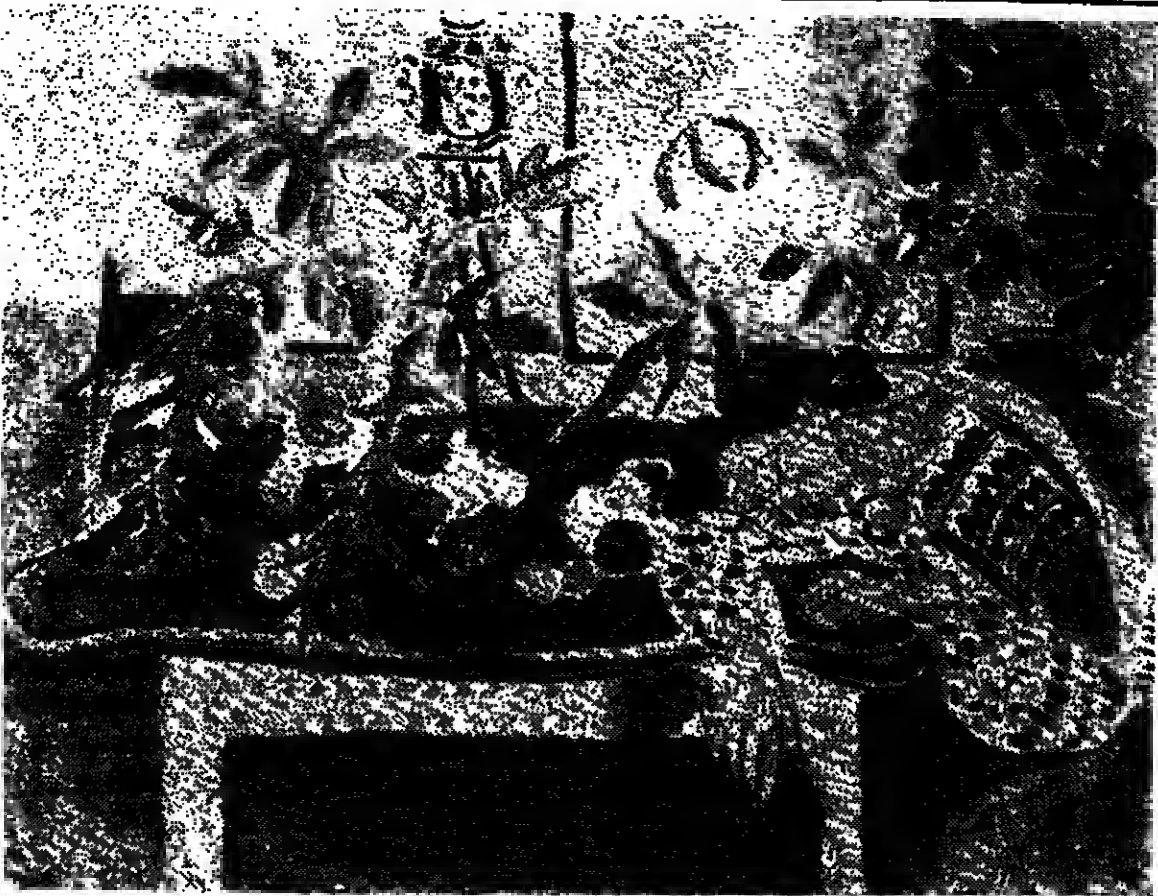
The second record was £269,500 for Hans Baldung Grien's "The Virgin as Queen of Heaven," also sold to O.S. Huyer. It is an important painting by a major master.

Last came Bernhard Strigel's unattractive "Annunciation to Saint Anne and Saint Joachim," knocked down at £132,200. Here the combination of a great name and unimpeachable authenticity did the trick, rather than intrinsic beauty.

Von Hirsch Records

Other records set during the season amply demonstrate that the Von Hirsch context had little to do with the prices that have been mentioned. On Dec. 2 at Christie's, for example, a Madonna and Child by Lorenzo Lotto brought £42,000 while a magnificent view of the "Interior of St. Peter's" in Rome by Giovanni Paolo Pannini rose to £264,000: 18th-century Italian painting of a high order is one of the great beneficiaries of the trend.

On July 6 at Christie's the escalation went one step further: Prices for indifferent works by great masters shot through the roof. A genre scene of a rather conventional



Matisse's "Nature Morte a la Dormeuse," oil on canvas (1940).

order by Isack Jansz van Ostade brought £297,000, and a Phillips Konink landscape, £220,000. The record established at the same sale for an imaginary view of a Dutch city by Jan Jansz van der Heyden (£165,000), as well as other record prices fetched at Christie's old master sale of April 14 — Aert van der Neer, £209,000; Balhassar van der Aast, £154,000 — leave little doubt that the whole range of Dutch and Flemish masters of the first and second rank will continue to rise and establish new records.

English Appreciation

English painting, which was for a long time a much neglected area of European art, is now undergoing a parallel appreciation. Here as elsewhere, rarity and historical significance matter at least as much as beauty.

The most expensive work by George Stubbs ever sold at auction is a highly unusual enamel painting on Wedgwood biscuit earthenware painted in 1781 for Josiah Wedgwood. Called "The Laborers," it was included in Christie's June 23 sale of English pictures and brought £330,000. The genre scene showing farm hands standing by a horsecart in a beautiful English park lacks the magic of Stubbs's animal studies. On the other hand, it is a major document for the study of English art, be it painting as such or Wedgwood porcelain with whose history it is so intimately linked. Prices for a Sir Thomas Lawrence also reached a peak at £132,000 with his portrait of Miss Emily de Visme, a brilliant portrait of a young girl set against a wooded landscape full of mystery. Earlier in the season a portrait by Joseph Wright of Derby included in a house

sale conducted by Christie's at Charleville in Ireland established a record for the artist at £74,800.

Impressionist and 20th century master paintings seem to be following a similar course that has been less visible. At auction this year, probably because there were few works of a high order in the open market. Nevertheless, a record was established for Henry Matisse in June at Sotheby's when his "Nature Morte a la Dormeuse" made £241,000 and another for Camille Pissarro's "Portrait of Paul Cezanne" knocked down at £330,000, here again historic significance accounts for the price of a rather dull picture.

The roll of records could be lengthened and extended to watercolorists and drawings where dizzy heights were reached at the Von Hirsch auction — £330,000 for a tiny watercolor study for Cezanne's "Les Grandes Baigneuses." All this means that the focal point of the market remains painting. It does not follow that every good work, or even every masterpiece, sells well — far from it. The art market has always been capricious, and the auction scene in particular even more so. It would be easy to produce an equally long list of disappointing prices from the seller's viewpoint.

But the season's records prove that, the recession notwithstanding, the market is and will remain geared to the very high price bracket to which it was dramatically propelled in the late 1960s and early 1970s. The greatest optimists would not have dreamed of it four years ago in the aftermath of the oil crisis.

Art in Germany

The King Who Left His Mark on the 14th Century

By Michael Gibson

NUREMBERG (IHT) — Emperor Charles IV died 600 years ago and Nuremberg, which was one of his imperial cities, is honoring the occasion with a sumptuous, didactic display devoted to his reign. The exhibition, through Oct. 15, is in the Kaiserburg, the fortress that he built to protect the city.

Charles IV laid the foundations of an imperial structure that the Hapsburgs inherited 50 years after his death and maintained until 1806. He was a complex figure whose contradictory aspects are still being debated, and he is presented in the exhibition as one of the key figures of German history.

Such a consideration alone would justify the display, but one suspects that in light of today's attempts to achieve European unification, Charles' accomplishments can have the appearance of a prefiguration of this goal, and that this weighed upon the decision to organize the show.

Charles knew how to found imperial power on negotiation and on the self-interest of the parties concerned, and on the potency of wealth and faith. He knew how to exploit symbolic action, and he had himself crowned five times, including once in Aachen as king because that had been the seat of Charlemagne's power, and once as emperor in Rome (like Charlemagne again).

Idea of the Kaiser
In any event, he helped to form the idea of the Kaiser — an awe-inspiring personage who lives namelessly in folk tales and in literature — and in the sculptures of Nuremberg's public buildings.



Detail of Charles IV from Cathedral of St. Vits in Prague.

This same awareness of symbolic values, combined with sincere piety, led him to assemble countless relics (a fragment of the true cross among them), to offer one of his own crowns to be placed on a reli-

quary bust of Charlemagne at Aachen and, best of all, to build a chapel with walls and ceiling made of gold and precious stones in his fortress of Karlstein near Prague. It is to Charles' taste for things

precious, and to his grasp of their value in terms of religious symbolism and personal propaganda, that we owe many of the more spectacular items of the Karlsburg exhibition. But the intention of the organizers was not to rival Tutankhamen, and they have devoted their energies to depicting the kind of emperor which Charles IV left his mark on.

The exhibition attempts to characterize the personality of this crucial figure and of his age, the state of arts, science, letters, society, craft and industry, mysticism and religion. It is handsomely documented by manuscripts, objects, sculptures, miniatures, crowns, relics and other treasures lent from throughout Europe.

In 1355

When he reached the imperial throne in 1355 at the age of 39, there had been, with one brief exception, no legitimate German emperor for more than 100 years. The pope had been removed by force from Rome to Avignon by the king of France eight years before Charles was born, and was to return to the Vatican only in 1378, the year of the emperor's death.

Louis the Bavarian, Charles' predecessor, held only precarious title to the throne. He had been excommunicated in 1325 and was not reconciled with the church when he died 22 years later; thus, the spiritual and temporal powers were out of balance.

Then came the plague. It reached Western Europe by way of the Mediterranean ports in 1347 and swept the continent for five years, leaving the scars one might expect, and others, too: It caused an outbreak of murderous hysteria

against the Jews, the first in German history. This Charles sought to halt by various measures, including a decree that declared that all Jews were servants of the imperial throne and thus under his protection.

Immediately after ascending to the throne in 1355, Charles set out to heal what ills he could and to define the structures of empire by prolonged negotiations with the prince electors and the powerful merchant cities assembled in the Reichstag in Nuremberg. The problems discussed were those of national sovereignty, of trade and tariffs, of monetary reform. Charles' purpose was to reduce the power of the princes and lower trade barriers wherever he could, and in this he was reasonably successful.

Golden Seal

To stress the importance of the document that decreed these measures, a golden seal of a bull was designed, cast and affixed to it. The document, consequently referred to as the Golden Bull (whose name has unfortunate connotations only in English), is on display at the Karlsburg.

Every day at noon for 469 years, visitors to Nuremberg's Frauenkirche have been able to see seven figures representing the prince electors humbly circling a seated figure of imperial majesty. This was the image and memory of Charles' power and accomplishment more than a century after his death and a clockwork homage to his reign. History since then has not always granted him the same importance. Some even suggest that this is because his 32-year reign was a peaceful one.

his death bequeathed to the museum his personal collection of more than 5,000 prints. Of these, about 1,500 were by French artists; most strongly represented were the great artist-lithographers of the 19th century. The 175 in the show (all in superb condition, for most were bought by Dodgson directly from the publishers) include the set of Toulouse-Lautrec's "Elles," the complete album "Quelques Aspects de la Vie de Paris" by Bonnard; the series "The Temptation of St. Anthony" and the series "Songs" by Odilon Redon, and selections from Degas, Pissarro, Cezanne and Vuillard. It is the first exclusively print show at the museum for many years, and of great importance. —MAX WYKES-JOYCE.

Viking Warship

KIEL, West Germany, Aug. 11 (AP) — Schleswig-Holstein state authorities have given permission for a major archaeological project to recover the remains of a Viking warship from a lagoon. A government spokesman said that \$4.25 million will be spent to recover the 1,000-year-old vessel, preserve it and build a museum to display it.

Theater in London

A Study of Lives Robbed of Significance

LONDON, Aug. 11 (IHT) — The efflorescence of British playwrights continues. Budding new writers appear every week. If the quantity is more astonishing than the quality, time, at least, will prune away the third-rate and there will be left a marvelous display of talent.

The Royal Court Theatre's latest discovery, 27-year-old Leigh Jackson is a dramatist of unusual quality. His "Eclipse" is, for all its occasional contrivance, a complex and moving tragedy, displaying old-fashioned virtues and also an oblique approach to modern life.

His central character, Trevelyan, is a tragic hero, of sorts. He is a self-styled relic of Britain's colonial past, a former police chief in Malaya now living in embittered retirement in England. He is a man conscious of being betrayed. In Malaya, he felt betrayed when the British Army moved in to deal drastically with the local insurrection and struggle for independence.

In England, he is aware that no one cares what happened then, that his life was given over to a lost cause, and he fears that his young wife, briskly making a career for herself by selling rubber plants to hotels, will betray him with another man.

Relic From Malaya

He spends his time dictating his memoirs to his surly manservant — another relic from Malaya — or patronizing his only local ally, an effete local landowner who has turned to alcohol as a relief from the pressures on him to live up to his family traditions, marry and produce an heir.

Into this self-enclosed world bursts his wife's would-be lover, a smug solicitor. At the play's climax, Trevelyan dresses himself in his old police uniform, comes down to dinner and kills the solicitor with a single shot. His last words, to his wife as she leads him away, are, "Will they understand?" The answer to that is probably no. For the final violence is hardly prepared for in the rest of the play. The play, too, as one would expect from its characters, deals in clipped understatement for much of the time, oblique

hints suggesting deep emotions, so that at times it is difficult to understand.

And Jackson's irony is occasionally heavy-handed. The title refers not only to Trevelyan but to a coming eclipse of the sun that he intends to watch — except that it turns out to be an eclipse of the moon.

But, as a study in lives robbed of significance, it has a disturbing power, aided by the fine acting of all the cast and the sensitive direction of Stuart Burge, who refuses to be hurried over, expressing its nuances. As Trevelyan, Paul Rogers is splendid, capturing the muddled, defensive desolation of a man pushed to the point of madness, of an authoritarian surrendering to the forces of chaos. Ann Bell gives a delicate and moving performance as his wife.

* * *

Another new playwright, Peter Flannery, also deals with the conflict between us and them in his "Savage Amusement" at the Royal Shakespeare Company's Warehouse, although in a less original way. This is another of those apocalyptic plays set in the near future.

The year is 1982, by which time society has almost disintegrated. On one side there are groups of caring people, squatting in derelict houses. On the other are vigilantes burning out the squatters and beating them if they catch them in the streets. The police, too, rely on immediate punishment to keep control.

Flannery suggests, somewhat bleakly, that those best suited to survive this urban jungle will be street-smart near-literate, skilled at shoplifting, bargaining and smashing people over the head with clubs, and that loyalties will be exclusively tribal, with anyone outside one's immediate circle regarded as less than human.

His play, though, for all its extrapolation from present day unemployment and housing problems, is no more convincing than other recent, dire warnings. And his characters, who are given to lecturing

each other when given the chance, are as unconvincing, despite the excellent quality of the acting, particularly from David Threlfall as a socially damaged illiterate.

* * *

At the Round House, that fine playwright Peter Barnes again displays his talents as director with an inventive production of Ben Jonson's "Bartholomew Fair." He has made excellent use of the theater's space, putting pigs in the foyer and stalls around the auditorium, to suggest something of the rambunctious flavor the original fair and of Jonson's play.

His production, too, makes the distinction, essential for the comedy, between the Puritans, with their black and white attitude to life, and the exuberant, rainbow-hued tolerance of the rest.

Not all the company are up to the demands of the play, although Jonathan Cecil is an excellent Litewit and Peter Bayliss makes good use of his remarkable repertoire of sighs and splutters as the undone Justice Overdo. Henry Woolf, too, catches the correct note on monomania of Jonson's characters in contrast to John Wells' monotonous impersonation of a silly ass.

* * *

At the Comedy Theatre, Rosemary Anne Sisson's "The Dark Horse" is notable for the sincerity and passion displayed by a strong cast — including Edward Woodward, Peter Cellier and Barbara Jefford — in this undistinguished historical romp.

The play follows the progress of Henry VII to the English throne, eschewing the politics that so enliven Shakespeare's history plays (the inspiration of the piece) in favor of a sublimated love story — between Jasper Tudor and Margaret Beaufort — and the struggle between the generations — the young Henry Tudor and his uncle, Jasper. Even so, the play is stolen by a character with no relevance whatsoever — Henry's dim servant, in a marvelously shy, beautifully timed performance by Tony Haygarth.



Jill Baker, David Threlfall, Charles Wegner and Lesley Manville in "Savage Amusement."

Sharps & Flats

LONDON — The Dizzy Gillespie quartet and the Tony Lee trio headline Ronnie Scott's through Aug. 17.

MONTE-CARLO — Naoa Moukouri leads the bill at the Sporting Club Aug. 11, followed by Regine and Philippe Genty and his Company on Aug. 12 and 13 and the 15 to 17. Charles Aznavour performs on Aug. 14.

ST. MORITZ, Switzerland — Jimmy Gourley at the Club Mediterranee's Hotel Reine Victoria through Aug. 27.

STOCKHOLM — Lennie Blumert is appearing nightly at the Clipper Club piano bar in the Hotel Reisen through Oct. 31.

Kai Winding will be one of the featured attractions at the Antwerp Jazz Festival (Aug. 14 through 19), where he will also hold clinics with advanced local jazz students.

GENEVA — Jean Bionda, Jimmy Woode and Oliver Jackson are at the Popcorn Club Aug. 11 and 12. Joe Newman, Marc Hemmer, Georges Bernasconi and Jimmy Woode will be there from Aug. 14 through 26.

ZURICH — Vera Love is singing at the Club Terrasse through August 31.

Joan Baez, on a tour of France, will be in Lorient at the Celtic Festival.

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Around the London Galleries

Kate MacArthur/Lorraine Gill, Commonwealth Art Gallery, Kensington High Street, London W.8 to Aug. 20.

Two Australians mount separate but complementary one-woman shows. The main theme of Kate MacArthur's drawings, paintings and prints is St. George and the Dragon, which she treats in splendid, canyons from the starkly simple to near-Byzantine ornateness. There are also some colorful nudes and some brilliantly incisive Medici and French court portraits. Lorraine Gill's show is landscapes. Lorraine Gill's series of canvases in which, using only red, blue, yellow, black and white, she explores form by the use of overlays, complex pattern and delicate line.

Mary Gorrara, Belgrave Gallery, 17 Mowbray St., London N.W.1 to Aug. 25.

Mary Gorrara turned from painting to sculpture in 1948, so that there is a 30 years' record of the difficult art of carving informing her recent work. The majority of her sculptures are in stone, marble and alabaster; organic and fig-

urative to the extent that Moore's personages are figurative, though in no way imitative of that master. She has a particularly fine instinct for the fecundity of nature, making her forms and pregnant shapes of immense power.

L'Apres-Midi d'un Faune, Nijinsky 1912, Gimpel Fils, 30 Davies Street, London W.1 to Sept. 5.

In 1912 Adolphe de Meyer made 33 photographs of the Diaghilev ballet, choreographed and danced by Nijinsky. Thirty of the images were produced at Diaghilev's instigation, as an album, of which only four copies are known to exist. Adding the three other prints from the Dance Collection of the New York Public Library, Richard Benson has reproduced the entire suite by the palladium process on translucent paper. It is of these reproductions, which have the quality of fine etchings, that the exhibition consists.

Anthony Gross: Etchings 1928/1978, Blend Fine Art, 33 Sackville St., London W.1 to Sept. 9.

Born in London in 1905, and having trained as a printmaker in London, Paris and Madrid, Anthony Gross mounted his first one-man show more than half a century ago. This is a compilation of 46 of his most significant images, from the "Basilique de la Daurade" of 1928 (a plate printed 40 years later) and the "Cafe Cambrils, Tarragona" of 1933 to a number of Greenwich landscapes of the

Show on Blacks Protested by MP

LONDON, Aug. 11 (NYT) — A Conservative member of Parliament yesterday protested to Kingman Brewster, the U.S. ambassador, that an U.S.-made television program on black Britons was distorted. The program, entitled "Black Britannica," was shown yesterday in the United States on the ABC network.

Dudley Smith, the MP, said the documentary, wrongly portrays Britain as a racist nation that denies human rights and uses police oppression to dominate its colored minorities.

early '70s, and this year's "Stubble field and Wild Flowers."

Great Victorian Pictures, Royal Academy of Arts, Piccadilly, London W.1, to Sept. 17.

At no time before or since has there been so general and wide an interest in painting as was to be found in Victorian England. The Arts Council of Great Britain has had the excellent notion of gathering a large loan exhibition of these pictures most esteemed by the Victorians. And an extraordinary collection it is — from Ford Madox Brown's poignant portrayal of emigration "The Lost of England" and Augustus Egg's moralistic triptych "Past and Present" through Landseer's "Stag at Bay" to Anna Lea Merritt's "Love Locked Out" and Lady Butler's charge of the Scots Greys at Waterloo — "Scotland for Ever."

From Monet to Toulouse-Lautrec, British Museum, Great Russell Street, London W.C.1 to Oct. 1. Campbell Dodgson (1867-1948) was for many years Keeper of the department of prints and drawings at the British Museum, and who on

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NYSE Nationwide Trading Closing Prices August 11

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(Continued on Page 10)

China Invites 4 U.S. Oil Firms to Study Exploration

By Hobart Rowen

WASHINGTON, Aug. 11 (UPI) — On May 2, the telephone rang in the office of Christopher Phillips, Washington head of the National Council for U.S.-China Trade. It was Peking's Liaison Office, the main diplomatic channel between the United States and China, asking Phillips to come over to pick up a message for four major U.S. oil companies.

That was the first evidence of a Chinese decision of major importance to the development of its offshore oil resources. It is likely to lead to an investment of \$25-to-\$50 billion by U.S. companies in the shared development of Chinese oil and to open China to broader economic relations of many kinds with the West.

The council, a private organization representing about 400 U.S. companies, was formed in 1973. What Mr. Phillips found at the liaison office exceeded his fondest hopes. The Chinese displayed an invitation to four big U.S. companies — Exxon, Union Oil and Phillips Petroleum — to come to China at two-week intervals to discuss the exploration and development of oil reserves under the East China Sea, the South China Sea and other offshore areas.

The Chinese not only wanted

Exxon, Phillips, Union and Pennzoil Will Consider Development of Reserves in Several Offshore Areas

the top man of each oil company, along with key technical experts, but they specified Hugh Liedtke of Pennzoil, who had made frequent trips to Peking. Pennzoil's mission has already been to China and back. Exxon's is there now, and Union and Phillips will complete their studies by the end of this month.

China's new search for outside help in the industrialization process extends well beyond oil. State Department sources indicate that Peking is seeking U.S., French and Japanese help in such diverse fields as coal exploration, banking, computers and fertilizers — even in seismic exploration.

Total U.S.-China trade, a mere \$375 million last year, is expected to reach the \$700-million range this year, but obviously could go much higher, especially if the Chinese oil initiative results in firm contracts.

But the search for oil is the most dramatic of the new events. In a telephone interview, Mr. Liedtke said he has no doubt that "the decision has been made in Peking and at the

highest political level" to supplement China's own exploration efforts by "more than one" outside company because of the amount of the oil involved and to get the most diverse technological assistance.

"My guess is that this has an extremely high priority, and the pressure is on to get something done," he ventured.

Within 30 days, he said, Pennzoil will send a specific proposal for exploration of a major offshore basin — probably in the South China Sea — "that will be conceptually acceptable to them and at the same time give us what we need." He suggested that because of the great complexities involved, it may take a good deal of time to get an agreement.

Ownership Resistance

Pennzoil and the other companies will have to finesse the well-known Chinese resistance to foreign ownership of their resources. Mr. Liedtke visualizes a contract focusing on technical assistance. But that would not preclude, he hinted, some

sort of profit-sharing arrangement and the right to buy some oil with those profits. That would be similar to arrangements of foreign oil producers with Brazil and be equivalent in the sharing of production.

Much of the new stimulus for speeding up the industrialization of China is said to originate with Vice Premier Teng Hsiao-ping. The most crucial decision, Mr. Phillips and others said, was the conclusion by the top political team that the only way to pay for the technological equipment needed to bring China into the 20th century is by developing its oil resources.

China also needs more oil for its own industrialization, but it needs the cash even more. It would appear that oil reserves are so large that there can be enough for increased domestic consumption and a surplus to sell to other industrial countries, including the United States, Japan and some Western European countries.

Geologists have known for a long time that there is a substantial amount of oil off the vast Chinese coastline, but no

one knows how much. According to Mr. Phillips, the estimates run to recoverable reserves of 50-to-75 billion barrels, onshore and offshore, mostly the latter. That would be among the largest known untapped pools of oil. Saudi reserves are estimated at 148 billion barrels.

Studied in Advance

It is Mr. Phillips' impression — and this checks with the State Department appraisal — that the new leaders in China had carefully studied the situation in advance of its bid to the four companies and intends to allow each of them to explore an oil field at least as large as China's largest existing oil-producing areas.

"One company alone could spend \$5 to \$10 billion to completely develop one such offshore field," he said, "and there are at least four or five such fields off the China coast." Others suggest that there may be as many as 10 such fields and that the developers will include Japanese and other companies.

There is no indication that the Chinese are asking the U.S. companies to engage in competitive bidding against each other, or against Japanese or European companies.

"There is plenty for everybody, and they all will have input," said a U.S. expert.

Prices End Higher on Big Board

Dow Up 5.37 Points

In an Active Session

NEW YORK, Aug. 11 (Reuters) — Prices on the New York Stock Exchange closed higher today in active trading although they were off slightly from earlier levels.

Analysts said the earlier afternoon rally was sparked by a Texaco statement that it hopes to test with in a week its exploration well in the Baltimore Canyon off New Jersey.

The Dow Jones industrial average rose 5.37 points to 890.85 and advanced declines 840-to-616. Volume fell to 33.35 million shares from yesterday's 39.76 million.

Texaco, which rose over a point after its statement, closed up 1/2 in 25 1/2.

Analysts also said the market appeared to have shaken off its nervousness over Federal Reserve chairman William Miller's remarks indicating he believes interest rates may not have peaked yet and the rise in the July producer price index and is resuming an upward course.

Houdeille finished up 1 1/4 in 31 1/4. Western Union was up 1/2 to 20 1/4 in heavy trading. Tandy Corp. rose 1 1/4 to 29 1/4 after reporting higher fourth quarter net. Lee Pharmaceuticals rose 1 1/4 in 7 1/4. Del Webb one to 2 3/4. Kerr McGee 3/4 to 51 and Bausch and Lomb 3/4 to 53 1/4.

Gainers included Bally Manufacturing, which rose 1 1/2 to 41 1/4. Memorex up 1 1/2 to 54 1/4 and Plantronics up 3/4 to 23 1/4.

McIntyre Mines, which declined 1 1/4 to 22 1/4, said it is omitting its quarterly dividend. Beckman Instruments was off one to 42 1/2.

Prices on the American Stock Exchange also advanced, with the market-value index gaining 1.05 points to 161.30.

In Chicago, wheat and soybeans were substantially higher, corn substantially lower and oats lower at the close today on the Board of Trade.

Wheat was up 4 1/2 to 6 1/2 cents.

Oxy Bids \$1 Billion In Stock for Mead

LOS ANGELES, Aug. 11 (UPI) — Occidental Petroleum Corp. announced today it has proposed to acquire Mead Corp., the Davison, Ohio, paper and lumber giant in a merger for more than \$1 billion in stock.

Occidental offered to issue eight million shares of \$10 annual dividend preferred stock and two million shares of \$7.50 annual dividend convertible preferred for Mead. Mead stockholders would get 0.28 share of the \$100 dividend preferred and 0.07 share of the \$7.50 dividend preferred for each share of common.

The redemption prices of the two classes of Occidental preferred stock would range downward from \$106.67 and \$105 to \$100 in the five to 15 years following the merger. Although the redemption value of the securities Occidental would issue for Mead is well over \$1 billion, a Wall Street analyst said the current market value of the securities would be nearer \$800 million.

Under the proposal, which was delivered to Mead's management yesterday, all Mead preferred stock would be called for redemption or conversion to common before the merger.

In Dayton, Mead chairman J.W. McSwiney said the offer appeared to be not in the best interest of shareholders. But he said it would be studied by Mead's investment and legal counsel and submitted to the board as soon as possible.

Mead earned \$2.34 a share in the first half of this year on sales of \$1.13 billion, up from \$1.97 a share a year earlier on sales of \$868.56 million. Last year its sales were about \$1.6 billion. It has 27,000 employees and, in addition to paper and lumber, has subsidiaries producing home furnishings, metal castings and school and an supplies.

Occidental, the company built by Armand Hammer, is a global petroleum, chemicals and fertilizer combine with yearly sales of around \$5.5 billion and 34,000 workers. It is heavily involved in cooperative oil and fertilizer ventures with the Soviet Union.

Mead shares, actively traded on the New York Stock Exchange, rose \$5.25 to \$33.25. Occidental was unchanged at \$21.25.

Louisiana Court Decision Seen Spurring Takeovers

By Jack Egan

NEW YORK, Aug. 11 (UPI) — In a decision that could set off a spate of blitzkrieg tender offers in the next few weeks, an Idaho law regulating corporate takeovers was declared unconstitutional by the U.S. Supreme Court yesterday.

The three-judge panel upheld a lower court ruling that the Idaho statute was preempted by the Securities and Exchange Act and other federal legislation and therefore violated the supremacy clause of the U.S. Constitution. The Idaho law is similar to those in effect in 31 other

states and leading securities lawyers said the broad ruling probably means that most if not all of these also are unconstitutional.

Because these laws often have a pre-notification requirement and can produce lengthy hearings, they frequently have been used by companies who are the targets of hostile tender offers either to fend off the offer or create a delay during which they can find a more preferable merger partner.

Wall Street investment bankers envisage a flurry of tender offers as companies seek to take advantage of the situation in advance of a new Federal Trade Commission prenotification rule on corporate acquisitions that goes into effect Sept. 5.

Under current rules, a corporation can make an offer to shareholders of another company to purchase their stock — usually at a good premium over the market price — with the offer expiring in 10 days. If the offer is for 100 percent of the shares and the company is not listed on the New York Stock Exchange, the running time for the offer can be as short as seven days.

This puts tremendous pressure on management to accept the offer, because there is little time to rally shareholder support or to find an alternative merger partner. But state takeover statutes offered a respite, making SEC-sanctioned 10-day offers extremely rare.

"The state laws changed the entire dynamics of tender offers," said Martin Lipman, a leading attorney in this field. "The state statutes have created both delay and expense, and by doing that they have been a deterrent to people making tender offers, in some cases, and in others have generally resulted in the original offer or raiding closing out to someone else, or having to make the deal at higher than the original price. But they have not stopped takeovers."

Thus, the strong support for the U.S. government market seen previously is not likely to continue in this quarter, although the analysts said they do not anticipate it will cause any major problems for Treasury financing.

The Fed also reported that the narrowly defined money supply, M-1, rose \$1.1 billion in the most recent statement week, a smaller gain than had been expected by most analysts. The rise brings growth over the last 13 weeks to 5 percent, at the low end of the Fed's interim target, reinforcing hopes that no immediate tightening of monetary policy is necessary.

French Deficit Reduced

PARIS, Aug. 11 (AP-DJ) — France's trade deficit with West Germany narrowed about 25 percent during the first four months of this year, according to figures published in the latest bulletin of the French-German Chamber of Commerce.

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Yen Rise Fuels Surplus In Trade, Japan Reports

TOKYO, Aug. 11 (AP-DJ) — The Economic Planning Agency said today in its annual white paper on the national economy that the sharp rise in the yen last year worked to create Japan's record current-account surplus rather than reduce it.

The report said the continued appreciation of the yen since April indicates this so-called "J-curve effect" will continue this fiscal year, with the increased value losing ever more of its effectiveness to adjust the balance-of-payments surplus because of rising worldwide inflation and the high rate of Japanese fuel and raw material imports.

Meanwhile, the Ministry of International Trade and Industry also reported today that Japan is likely to record a trade surplus of over \$30 billion in the fiscal year ending March 31, substantially higher than an earlier prediction of \$13.5 billion.

Industrially, Japan will have to modify its past export-oriented and integrated production system allowing an increase in imports of manufactured and semi-manufactured goods, according to the white paper — titled "The Japanese Economy Undergoing Structural Change."

Though the appreciation of the yen theoretically was supposed to reduce the trade and international payments surpluses, the time lag between exchange rates and actual economic developments produced the opposite result, it said.

Any sharp change in the exchange rate starts showing only 20 percent of its full long-term effect on exports in the first three

months, with barely 60 percent evident in nine months, while the impact on imports comes somewhat faster, the paper noted.

It said it was inevitable that any decline in Japan's exports will lead to a decrease in overall domestic demand and eventually a fall in imports, while at the same time import-price declines lead to a fall in export production costs.

The EPA said exports in the fiscal year ended March 31 rose as much as 20 percent in dollar value over the preceding year but that this was due mostly to price mark-ups to meet exchange rate changes. In volume they increased only 7.7 percent.

The growth of exports was attributable to Japan's market coverage advantage, its export commodity structure and the international competitiveness of its products — like automobiles and machinery and electronic appliances — resulting from spending to improve efficiency by manufacturers. Imports, on the other hand, did not improve because of a delay in recovery of industries that consume large amounts of energy and other materials.

Slowdown in Half

As was the case two years ago, last fiscal year's economic growth was high in the first half with a slowdown in the second half because of high exports and government spending in the first half did not spur much private-sector demand.

Industrial product inventories have finally been brought down to generally normal levels, but prevailing economic conditions make it hard to expect a new rapid expansion of inventories and production, the paper said, adding that still weak private demand will have to be covered by more public works spending. But continuing such government efforts will require stabilization of construction material prices, more skilled labor and increasing the declining revenues of local governments.

It will also require more elasticity in interest rates and reviews of the government's fiscal conditions to avoid deterioration, the study said, noting that Japan will have to move away from a concentration on production of capital goods and durable consumer goods to housing, service industries and other social welfare-oriented services.

U.S. Key Source For Investments

NEW YORK, Aug. 11 (AP-DJ) — The United States continued to be the major source of foreign investment in the second quarter and the favored place for other countries to invest, according to the Conference Board.

In the quarter, private companies announced 167 foreign manufacturing investments, with more than 60 percent of them in the United States. The board said U.S. companies accounted for about 40 percent of all private cross-border manufacturing investments made outside the United States in the quarter.

Brazilian Trade Surplus Evaporates

RIO DE JANEIRO, Aug. 11 (UPI) — Government economists thought they had turned the corner when, after three years of suffering induced by the rise in oil prices, Brazil ended 1977 with a trade surplus of \$243 million boosted by high international coffee and soybean prices.

They stressed that manufactured exports had jumped 31 percent and noted that increasing export diversification would act as a hedge against probable declines in coffee. Now that rosy picture has turned distinctly gray.

Manufactured goods are still expected to play an important role in the 1978 balance of trade. But drought and a classic fall in international coffee prices have broken the back of mainstay agriculture exports, dimming expectations for a second year of trade surpluses.

Brazil's first-half trade balance showed a deficit of \$456 million. With soybean exports almost nonexistent and coffee futures prices hovering near the \$1 mark, economists are now expecting a year-end deficit of approximately \$1 billion.

Poor performance in agriculture

resulted from a four-month drought in the south early in the year, reducing soybean production about 25 percent with little left for export after meeting internal demands.

Coffee, on the other hand, began to suffer from a world oversupply. Production this year is expected to be 18.9 million bags, up from last year's 16.1 million and about three times greater than the 6.4 million in 1976. This recovery — combined with improved harvests in Africa

and Central America — has created a buyers market, pulling Brazilian export prices from \$3.20 per pound in early 1977 to \$1.50 per pound in mid-1978.

Further aggravating the situation is a continuing trend toward lower per capita coffee consumption in the United States and European markets. Brazilian exports for the first seven months of 1978 totaled \$1.2 billion, against \$2.2 billion for the same period in 1977, and the trend is expected to worsen.



Ira Stepanian



Carl Munkberg

PEOPLE IN BUSINESS

First National Bank of Boston has appointed Ira Stepanian general manager of its U.K. operations, succeeding Paul Vonder Jr. who returns to the bank's Boston headquarters to assume the position of senior vice president. Mr. Stepanian was previously in charge of the bank's energy and transportation division.

Scandinavian Airlines has named Carl-Olov Munkberg as president, succeeding Kurt Hagrup who is retiring. Mr. Munkberg was formerly managing director of Nyman & Schultz, a wholly-owned SAS subsidiary.

Cedric Nimmo has been appointed to the board of First Chicago Ltd., the wholly-owned subsidiary of First National Bank of Chicago. He has also been elected a vice president of the bank.

Ronald Hodge has been elected chairman of USMC International, a U.K. subsidiary of Embart Corp. He succeeds George Bennion, who is retiring. Laurence Dowley was elected managing director of the board and continues as director of international finance for Embart.

Philip Morris France has elected Alvaro Buzzi as president, succeeding Albert Bellot who has become executive vice president of Philip Morris Europe, Middle East and Africa.

R.B. Bretton has been named vice

president of Royal Trust Company's newly created European region based in London and G.W.P. Cambel has been named the region's assistant vice president.

Robert Young has been named president and general director of Charles of the Ritz and Yves Saint Laurent perfumes. He was previously with Galor S.A.

Bank Chief Hits Turkey

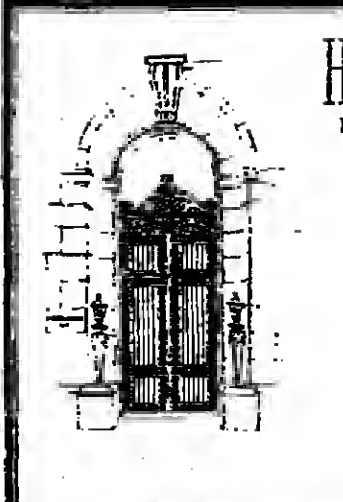
ANKARA, Aug. 11 (AP-DJ) — Turkey's central bank governor Tayyar Sadiklar made an unexpected public attack on the government today for failing to implement efficiently an austerity program designed to overcome the present economic crisis.

In a disclosure to the press, he charged that necessary devaluations in the value of the Turkish lira have not been made, adding that it should be devalued by as much as 17 percent.

Recalling that the government had pledged to the International Monetary Fund that it would avoid deficit financing and moderate the economy's growth rate in exchange for badly needed standby credits, he affirmed that the central bank would not provide the means for further deficit financing "unless absolutely necessary for the stabilization of the economy."

Following a record \$4-billion trade deficit last year, the IMF credit has helped Turkey realize massive rescheduling of foreign debts. Debt maturing in the past two years would have totaled more than \$5 billion, but terms will be extended for an expected total of more than \$3 billion.

Meanwhile, the semi-official Anatolia agency reported that controllers of the central bank had initiated proceedings against Mr. Sadiklar calling for his removal on charges of falsifying the bank's balance sheets.



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